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London Conference on Suez Canal

Following is the text of a statement made by Secretary Dulles on August 16 at the conference on the Suez Canal, which opened at London on that date, together with two statements made at Washington before his departure on August 14.¹

STATEMENT AT CONFERENCE, AUGUST 16

We have met here to deal with a grave situation. I do not need to labor that fact because otherwise we would not have come here from many parts of the globe. If we cannot deal with it constructively, immeasurable ills may descend upon much of the world. On the other hand, if we can deal with it constructively, all the world will benefit and particularly the peoples of Asia and Europe.

Historical Background

I should like to make a few observations first of all about the canal itself. The Suez Canal is a waterway of importance to all the nations. For many of them in Europe and in Asia it is, in an almost literal sense, the "lifeline" it has been called.

From its beginning, a century ago, the Suez Canal and its operations have been indelibly stamped with an international character. The canal was built under international auspices, with international capital, and for international purposes. The building and operations were conducted by the Universal Suez Canal Company, formed in 1856. The relations between the company and the Government of Egypt were habitually regulated by what were called "conven-

tions." The basic convention, and the ratifying decree, is that of February 22, 1866.

In 1888 the nations principally concerned made a treaty "respecting the free navigation of the Suez Maritime Canal." That treaty is of perpetual duration. It is, by its terms, for the benefit of all nations and is open to adherence by any of them.

The preamble to the treaty expressed the purpose as being "to establish, by a conventional act, a definite system designed to guarantee at all times, and for all powers, the free use of the Suez Maritime Canal, and thus to complete the system under which the navigation of this canal has been placed by the firman of His Imperial Majesty, the Sultan, dated the twenty-second of February, 1866."

Thus the decree of February 22, 1866, certifying the convention of that date between the Government of Egypt and the Universal Suez Canal Company, has been by reference incorporated into and made part of "the definite system" set up by the 1888 treaty. Egypt was not an initial signatory of the treaty, being bound by the signature of the Ottoman Empire, of which it was then a part. Since becoming an independent nation, Egypt has accepted the treaty as binding upon it.

Under the "system" thus established in 1888 there have occurred, no doubt, some abuses. National politics were not wholly excluded even by the treaty of 1888. But by and large the operation of the canal has been competent and even-handed and has led to a steadily increasing movement of general world trade through the canal which has been beneficial to all the nations and which increasingly makes them dependent upon the canal. About one-sixth of all the world's seaborne commerce now passes through the Suez Canal.

The canal plays a special role in the close relationship between the economy of Europe and the petroleum products of the Middle East. Europe received through the canal in 1955 67,000,000

¹ For the Secretary's report to the Nation on the London talks during which the U.S., U.K., and France decided to call the conference, see BULLETIN of Aug. 13, 1956, p. 259. For the list of nations invited, see *ibid.*, p. 263; Egypt and Greece declined the invitation.

tons of oil, and from this oil the producing countries received a large part of their national income. The economies of each of these areas are largely dependent upon and serve the economies of the other; and the resultant advantages to all are largely dependent upon the permanent international system called for by the 1888 treaty.

Recent Events

Now let me refer to the events which bring us here.

On the 26th of July, 1956, the Egyptian Government, acting unilaterally and without any prior international consultation of which we are aware, issued a decree purporting to nationalize the Universal Suez Canal Company and to take over "all its property and rights pertaining thereto," and to terminate its right, affirmed by the 1866 decree, to operate the canal until 1968.

The installations of the Suez Canal Company were then physically taken over by the Egyptian Government. Its employees were prohibited from leaving their work without Egyptian Government permission, under penalty of imprisonment.

President Nasser at the same time made a public declaration of the reasons for his action. He said that the timing and immediate occasion for the nationalization was the fact that the Governments of the United States and the United Kingdom had shown themselves unwilling to commit themselves to finance the foreign exchange costs of the vast program to construct the Aswan High Dam and related works.

But President Nasser made clear that his action was not merely an act of retaliation. Speaking on August 12, 1956, he said that he had been thinking about it for two and a half years. The announcement was timed to coincide with the fifth anniversary of the revolution and to demonstrate, he said, its capacity for action. In his July 26 speech proclaiming the seizure of the canal company's rights, President Nasser said, "We shall, God willing, score one triumph after another."

He has made clear his desire to use the canal for Egyptian national purposes. He has described as one source of Egyptian strength the "strategic position of Egypt" which "embraces the crossroads of the world, the thoroughfare of its traders"; and he has described as another source of Egyptian strength "oil, a sinew of material civilization without which all of its machines would cease to

function and rust would overcome every iron part beyond hope of motion and life." "So," he says, "we are strong . . . when we measure the extent of our ability to act."

Now there is every reason why the Government of Egypt should, by every proper means, build up and strengthen its country, both materially and morally. The United States has been and is wholly sympathetic with that goal and we have contributed in no small measure toward its realization.

However, the grandeur of a nation is not rightly measured by its ability to hurt or to threaten others. Whenever there is interdependence, which is a characteristic of our times, one of the parties can hurt the other. And the greater the interdependence, the greater the power to hurt. But that aspect of interdependence cannot properly be used for national aggrandizement. Particularly is that the case when the interdependence has been built up in reliance of solemn governmental promises.

In the Suez Canal, the interdependence of nations achieves perhaps its highest point. The economic life of many nations has been shaped by reliance on the Suez Canal system, which, as I have pointed out, has treaty sanction. To shake and perhaps shatter that system, or to seek gains from threatening to do so, is not a triumph; neither does it augment grandeur.

The Suez Canal, by reason of its internationalized character, both in law and in fact, is the last place wherein to seek the means of gaining national triumphs and promoting national ambitions.

I realize that President Nasser, taking note of the worldwide reaction to his action, now says that Egypt will accord freedom of transit through the canal, that operations will be efficient, and that tolls will continue to be reasonable.

But we are bound to compare those words with other words which have perhaps a more authentic ring. We are also bound to note the difference between what the treaty of 1888 called "a definite system destined to guarantee at all times and for all powers the free use of the Suez Maritime Canal," to use the words of the preamble of the 1888 treaty, and an Egyptian national operation which puts other nations in the role of petitioners.

One thing is certain. Whatever may be the present intentions of the Egyptian Government, the trading nations of the world know that President Nasser's action means that their use of the

canal is now at Egypt's sufferance. Egypt can, in many subtle ways, slow down, burden, and make unprofitable the passage through the canal of the ships and cargoes of those against whom Egypt might desire, for national political reasons, to discriminate.

Thus Egypt seizes hold of a sword with which it could cut into the economic vitals of many nations. Some of these nations are now especially disturbed because the present Government of Egypt does not conceal its antagonism toward them. To these the new situation understandably seems unacceptable.

But even those nations which may at the moment enjoy Egypt's favor cannot but realize that the operations of the canal are in the long run less dependable even for them. That is bound to be the case whenever operations can be influenced by the fear or by the favor of any single nation.

The international confidence which rested upon the convention of 1866 with the Suez Canal Company and the treaty of 1888 has been grievously assaulted. It is for us to consider whether that confidence can peacefully be repaired. If not, then we face a future of the utmost gravity, possibilities of which we hesitate even to contemplate.

Recognition of Need for Action

It is an encouraging fact that all concerned recognize that there is need for remedial action.

The Egyptian Government, although it declines to participate in this conference, recognizes that what it has done has created a need for corrective action. On August 12, 1956, President Nasser proposed the drafting of a new international treaty which would reaffirm and "guarantee" freedom of navigation on the Suez Canal. That is the Egyptian Government's formula for undoing the harm that has been done and for restoring the confidence which its acts have so gravely impaired.

The Soviet Government, in its statement of August 9, 1956, recognized that this conference "may provide an opportunity for finding a (peaceful) approach to a settlement of questions connected with the freedom of navigation within the Suez Canal which—taking into account the new circumstances—may be acceptable to the Egyptian state as well as to the other countries concerned."

All of the governments represented here, plus the Government of Egypt, recognize the need for

international action. Indeed, our presence here is the beginning of such action.

The question is therefore not *whether* something needs to be done. As to that, we are all agreed. The question is *what* should be done.

Need To Restore Confidence

Now a solution of the problem we face is difficult enough to find and to apply. But let us not exaggerate the difficulties which are inherent in the problem and let us not create new difficulties by injecting false issues.

What is required is a permanent operation of the canal under an international system which will, in fact, give confidence to those who would normally wish to use the canal. Those in Asia and elsewhere who depend upon the canal for the movement of their exports and imports should be assured that their economies will not be disrupted.

Those who provide oil out of the sands of the Middle East should be confident that they can ship the oil to its only advantageous market. Those in Europe who convert their industries from coal to oil or who manufacture, buy, or drive motor cars—to use only some of the many possible illustrations—must be confident that fuel will be dependably forthcoming.

Those who build, charter, or operate tankers and general cargo and passenger boats must have confidence that their ships can move through the canal on schedule, for even a day's delay can turn a shipping operation from one of profit to one of loss. Insurers of ships and cargoes must feel confident that there will not be obstructions or maritime disasters.

Confidence is what we seek, and for this it is indispensable that there should be an administration of the canal which is nonpolitical in its operation. That, I think, is the key to the problem—an operation which is nonpolitical in character. The canal should not be, and should not be allowed to become, an instrument of the policy of any nation or group of nations whether of Europe or Asia or Africa.

Now to achieve this will, as I say, be hard enough. But let us not unnecessarily make it harder. We do not have here to measure our action in terms of that illusive quality which is called "prestige," whether it be the prestige of a single nation or of a group of nations. If we allow ourselves to be swayed by such factors, we

shall not worthily discharge the grave responsibility which fate has imposed upon us. We have to solve a practical problem; it is simply how to give effective practical expression to the principles of the 1888 treaty.

Questions Concerning 1866 Convention

Now a first thought which inevitably suggests itself is: Should we seek a solution in terms of reinstating, for the remainder of its term, the convention of 1866 between Egypt and the Universal Canal Company? As I say, that thought naturally occurs.

I feel I should say this: The United States does not believe that the Egyptian Government had the right to wipe out that convention establishing the rights of the Universal Suez Canal Company until 1968. This arrangement had the status of an international compact. Many nations relied upon it. The operating rights and the assets of that company were impressed with an international interest. The Government of the United States questions the Government of Egypt's right unilaterally to take its action of July 26th last.

Nevertheless—while the United States reserves the legal position in this respect—we are quite prepared to explore the new situation which has been created, seeking a solution which is fair to all and generally acceptable.

We must, of course, start with the treaty of 1888, which provides in perpetuity that—I quote from the treaty—"the Suez Maritime Canal shall always be free and open, in time of war as in time of peace, to every vessel of commerce or war, without distinction of flag," and which treaty calls for a "system"—again I quote that word "system"—to assure that. What shall that system now be, if the convention of 1866 is not to be restored to life?

U.S. Views on Solution

The United States believes that a fair and equitable plan can be devised which will recognize the legitimate interests of all. It further believes that it is in the interest of world peace that the nations gathered here should agree on such a plan; that it should be accepted by all necessary parties and promptly put into operation.

What are the principles that should underlie such a plan?

First: The canal should be operated efficiently

as a free, secure international waterway in accordance with the principles of the Suez Canal convention of 1888.

Second: The operation should be divorced from the influence of national politics, from whatever source derived.

Third: There should be recognition and satisfaction of all legitimate rights and interests of Egypt in the canal and in its operation, including an equitable and fair return.

Fourth: Provision should be made for the payment of fair compensation to the Universal Suez Canal Company.

Those, we believe, are the principles, and under those principles what might be a plan?

A plan along the following lines would satisfy all these requirements:

1. The operation of the Suez Canal in accordance with the 1888 treaty and the principles therein set forth would be made the responsibility of an international board to be established by treaty and associated with the United Nations. Egypt would be represented on such a board, but no single nation would dominate it and its composition would be such as to assure that its responsibilities would be discharged solely with the view to achieving the best possible operating results without political motivation in favor of, or in prejudice against, any user of the canal.

2. Egypt would, by appropriate arrangement, have the right to an equitable return which will take into account all legitimate Egyptian rights and sovereignty.

3. The arrangement would make provision for payment to the Universal Suez Canal Company of fair compensation. And,

4. Finally, any differences on the last two points—that is, the right of Egypt to an equitable return, and fair compensation to the company—would be settled by an arbitral commission to be named by the International Court of Justice.

Now it could be asked, does such a plan infringe upon Egypt's sovereignty? The answer is, it does not. Egyptian sovereignty is, and always has been, qualified by the treaty of 1888 which makes of the canal an international—not an Egyptian—waterway.

Egypt has always recognized and recognizes today the binding effect of that treaty. What we consider and suggest here are merely means to effectuate rights in relation to the canal which are possessed by those nations which are parties to

that treaty or for whose benefit the treaty is avowedly made.

We recognize, of course, that at this stage any proposal should be flexible, within the limits of such basic principles as we have outlined. And, of course, Egypt's views should be ascertained.

But we believe that the principles set forth, and a plan such as that we have outlined, contain the basic elements needed to restore confidence and to assure that the Suez Canal will be operated in accordance with the treaty of 1888. Thus it may increasingly serve the vital interests of all the world, to which that treaty is solemnly and perpetually dedicated.

FIRST STATEMENT OF AUGUST 14²

White House press release

I shall be leaving very soon for the conference at London which deals with the Suez Canal problem.

I have just had a final talk with President Eisenhower, going over the position which the United States delegation will take at that conference. We went over together a good many of the formulae which could be devised to assure dependable international operation of that canal consistent with the rights and dignity of Egypt.

We believe that such a formula can be found and that it will be found, because any nation that would reject such a formula would be accepting a heavy responsibility before the world.

Therefore, I go hopefully and with confidence that we will have a peaceful solution.

DEPARTURE STATEMENT³

Press release 434 dated August 14

I am leaving for the London conference on the Suez Canal with a deep awareness of the importance of this meeting. It bears closely on the peace and welfare of all the nations of the world. The legitimate treaty rights and interests possessed by the world community in the Suez Canal, including of course the rights of Egypt, must be assured and respected.

President Eisenhower and the congressional leaders with whom we conferred last Sunday

² Made at the White House after a conference with the President.

³ Made at the Military Air Transport Terminal.

have made clear the concern of the United States in the satisfactory settlement of this problem.⁴ I shall devote myself untiringly to this end. All of us at the conference will, I am sure, be conscious of the heavy responsibility that it places upon us, a responsibility for world security. And because we feel that responsibility I am confident that we shall achieve a positive result.

MEMBERS OF U.S. DELEGATION

Press release 433 dated August 13

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William R. Tyler, Deputy Director, Office of Western European Affairs

Evan Wilson, First Secretary, American Embassy, London

⁴ BULLETIN of Aug. 20, 1956, p. 314.

The Challenge of Asia to United States Policy

by *Kenneth T. Young, Jr.*

Director, Office of Southeast Asian Affairs¹

The challenge of Asia sweeps so wide and cuts so deep that it may seem presumptuous to expect to fathom its significance and pretentious to examine it in one brief effort, particularly by an outsider. Yet we would be as derelict by shrinking from this staggering subject as we may appear foolhardy by exploring it. As the topic of this essay and the occasion of this forum imply, we cannot ignore Asia. We must mold an attitude, a policy as we say, toward Asia. For there can hardly be any more challenging task than to seek an understanding of the East, of Asia, in all its colorful, elusive variations. One hundred years ago Senator Seward predicted:

The Pacific Ocean, its shores, its islands and the vast region beyond will become the chief theatre of events in the world's great hereafter.

It would be fascinating to hear his version of the challenge of Asia today in the light of his prophecy of a century ago.

Asia with half the planet's population, 10 newly independent nations, and the world's oldest surviving cultures is now in the midst of a new period of evolution. By Asia, I am referring primarily to that portion of the continent and outlying islands which for administrative purposes in the Department of State we call the Far East. Ancient Asia in diverse ways is now the world's latest frontier burning with newborn hopes and insistent aspirations accelerating the tempo of life with a sense of urgency and excitement to construct a new world.

The challenge to Asians involves a long series of

choices, decisions, adaptations, and new insights. It means a planned, conscious effort to set new goals, use new ways, and make them work according to new values. Emergent Asia challenges our wisdom and ingenuity to try to understand what the Asians are seeking, help them over their hurdles where and when we can, and with them move toward the better living which modern means of all sorts make possible. I propose to examine the many facets of these challenges in the realm of contemporary change, the question of basic values, the prospects of political freedom, the problem of poverty and economic growth, the adjustment to a world community, and United States interests.

The Challenge in Today's World

Some call this the "age of anxiety," some the "age of analysis." It is to a degree both, but it is also the age of change and chance. Until the 20th century, change worked slowly, often imperceptibly. Today the time span for radical technological and social innovations is shorter than life expectancy. The element of novelty is one prominent, even dominant, feature in today's world.

Secondly, contemporary life may possibly provide the possibility of moving from a "status society" to a "fluid society." The arts of production and consumption, the universal reach of transportation, communications, and education, and the ideas of humanitarian equality and opportunity combined open up tremendous advances for people everywhere. The whole pattern of metropolitan concentration and sedentary agriculture that has characterized all of the world's known civilizations is put out of balance by the trend of technology

¹Address made at the summer forum of the School of International Relations, University of Southern California, Los Angeles, Calif., on Aug. 13 (press release 430 dated Aug. 8).

of just the past generation or two, to cite one example. The perfection of machinery and electronics, the development of automation, and the harnessing of atomic power have created prospects for even more leisure and freedom from arduous work. A whole new pattern of life in infinite dimensions is unveiling before us.

Thirdly, we now live in a total world. One hundred years ago, the world was segmented into India, the Near East, Europe, and America, with China and Japan separate. Today, despite its differences and sometimes antagonisms, the world is a totality—interconnected, interacting, and interdependent. Air flight, radio, television, and projected spatial exploration crisscross meridians and longitudes; consolidation of the globe has thrown closer together the immense diversity of cultures, arts, racial and national groups. This change is a fact of profound importance for the international relations of every country and especially of our own.

The effect of change is a deep and pervasive challenge both to the Asians and to us. We must harmonize older patterns of emotions, beliefs, and intentions satisfactorily with a fluctuating environment. Accepting a telescoped time span, absorbing a constant novelty, and encompassing a total world is the uniqueness of today's life. For most people, and for the conservative past historic rhythms of Asia, today's world is difficult. The adjustment is abrupt, blunt, and sudden. As Alfred Whitehead has indicated, it is of supreme importance for mankind today to possess "... a philosophic power of understanding the complex flux of the varieties of human societies ... instinctive grasp of the relevant features of social currents, the survey of society from the standpoint of generality."

The Question of Values

The first step in understanding what is happening in Asia, therefore, is to determine the focal concepts and human values which Asian leaders and Asian people themselves are selecting to shape the particular purposes of each free country in Asia. In a word, these values arise with especial force in Asia out of the aftermath of the past and the aspirations of the future.

There is an interesting cyclical interaction between the East and the West. First, Asia influenced the Mediterranean-Atlantic cultures in arts, customs, and philosophy. Then, during the

past few centuries Europe and America profoundly affected Asia and still do. In the future, the cycle may possibly swing back again, at least part way, for the energies and ideas released by emergent Asia have their unique points.

The period 1500-1940 drastically and irreversibly altered the limited relations between the West and the East and the traditional configurations of Asia. The countries of the East changed little for centuries. Asian societies and cultures were static and rigid, despotic and conservative, agrarian and feudal. A small ruling class, usually hereditary and forever autocratic, held power. In the words of Joseph Conrad, "this was the East of the ancient navigators, so old, so mysterious, resplendent, somber, living and unchanged, full of danger and promise."

Then for some three centuries the alien rule, the military power, the technology, the manners and mores, and, above all, the ideas of the West, of Europe in particular, hit ancient Asia with the force of a tidal wave. Sir George Samson in his study of this impact has written that "the intrusion of this disruptive, challenging element into the sequestered and conservative life of Asia must be a dominant theme in the modern history of any Asian state."

Colonialism produced a legacy of bitterness. But it also generated the major tendencies of nationalism, westernism, and modernism. The key factor, I believe, is to be found in the new leadership and the spirit of the people. The West developed and trained a small educated elite and gave it, and through it, the people the inspiration and the incentive toward freedom. Colonialism affected Asia. Out of the cauldron came a vivid, vibrant pattern of emotional drives:

Revolt against alien rule as well as any discrimination and disparity;

Equality with all races, nations, and individuals;

Determination for a new destiny without oppression, poverty, and misery;

Cooperation among the countries of Asia and with the world at large.

Needless to say the elements of nationalism, westernism, and modernism that spark these forces display all the diversity that is Asia. There is no uniformity in details, in emphasis, in timing. But there is a common search for a new harmonious synthesis of values and purpose. There is

taking place throughout Asia a synthesis derived from traditional forms and customs, the adaptation to Western impact, and the application of Asian responses to the contemporary world in flux.

Everywhere that Asian leadership has had a chance to choose it has selected as focal values the concept of liberty, the democratic process, and the importance of individual rights. At least in doctrine, if not always in practice, the stress on individual morality in the Buddhist ethics, Islamic law, Confucian humanism, and Hindu philosophy blend with the European and American emphasis on the dignity of man. In general many Asian leaders have freely chosen these basic values:

1. The equality of all men before the law.
2. The inalienable rights of men which governments must neither deny nor abridge.
3. The greatest good of the greatest number.
4. A government of laws responsive to the consent and needs of the people.

Each free Asian country expresses these values and purposes in its own characteristic manner. Indonesia has embodied its Five Basic Principles in its constitution: Belief in God, Humanism, Nationalism, Sovereignty of the People, and Social Justice. The Three Principles of Dr. Sun Yat-sen form the creed of free Chinese. The constitutions of Korea and the Philippines embody much the same democratic principles as our own. Burma has undertaken its national program called Pyidawtha and is seeking to revive the religious influence of Buddhism. Viet-Nam, the newest republic in Asia, has just drafted a constitution upholding human freedoms. According to Asian pronouncements and declarations the current objectives of their present value systems are national independence and individual freedom, human welfare and social justice, and peace. In the phrase from the American Constitution so often repeated in Asia—life, liberty, and the pursuit of happiness.

The challenging question is whether the people of Asia will fully accept and share these human values and social purposes over the long run. This is an issue primarily for the Asian leaders and peoples who in instance after instance have freely chosen such goals. It is up to them to nourish and safeguard what they value most. We can only supplement their efforts.

In considering this question of basic values, it is well to acknowledge that their existence is chal-

lenged by a not altogether favorable environment. Anyone who has traveled, taught, or fought in any part of Asia has seen the low value placed on human life, for the concepts of social justice, individual liberty, and equal opportunity are new. Freedom will be hard to preserve and easy to overturn in an environment that has become conditioned to authoritarian rule, paternalism, and repression from the top. The demands of the compressed sequence and the extensive innovations of contemporary life may not allow new creeds and a new orientation time to sink their roots. A much worse colonialism, Red slave colonialism, is seeking to engulf these lands.

The survival of human values in Asia is part of the same world ideological contest of this century—freedom or tyranny. Impatient for results and pressed with insistent demands to produce stability and end poverty, Asians could have taken from them—or themselves abandon—the values and purpose of human freedoms if they become disillusioned or desperate over disappointments of their own failures or of the shortcomings of their friends. Nevertheless, while the future is unknown and the present clouded, Asia may discover that the very novelty and utility of the Western concepts of human rights and social purposes contain their own power of growth and survival. There is sometimes no stopping a triumphant idea which has found its moment in history.

Implications for U.S.

What does the great challenging question of values in Asia mean to us in America? It can have the most serious implications for our own way of life. The ultimate direction of Asia may well influence our own destiny. Therefore, we must help insure the growth and survival of free Asia. This means first that we must understand the judgments and decisions of our Asian friends.

We as a nation must also fully realize that we share in common with the leaders of Asia the basic and universal values that inspired our own Republic: the dignity of man, the welfare of the individual, and the right of self-government. The recent Prime Minister of Burma, U Nu, voiced the opinion in Philadelphia last year, "The ideas of the American Revolution are today the most explosive of all forces, more explosive in their capacity to change the world than B-52's or even atomic bombs."

This similarity or community of ideals and purposes is perhaps the most poignant part of the challenge to us in contemporary Asia. How can we let them fail here or there? We must not. We must be true to our own ideals. Asians are sensitive to discrimination. If we understand and respect the Asians' various approaches to freedom and if we wisely deal with some troublesome differences, then we can rightfully and helpfully join in the new pioneering of freedom in Asia. Here is a striking opportunity for America. An Indonesian friend of mine has said, "The job of building our own house for the first time generates a sense of exhilaration, perhaps long forgotten by older nations which have become settled in their ways."

So much of the Asian experience today reminds us of our own that we can have the sympathy and the generosity to join hands with them in the American frontier spirit of the good neighbor and trusted partner. However much the American spirit may be misunderstood, mocked, or maligned abroad, we should hold fast to our faith that the vitality of our free institutions, the creativity of our own pioneering outlook, and the energies unleashed by humanitarian ideals can contribute to making a better life in this total world. We will need foresight and intelligence to make use of the new economic, biological, technological, and psychic forces in any imaginative, constructive way as distinct from the static, negative, and destructive purposes of totalitarian communism. That can be our most noble response to the summons of Asia's challenge. As Walt Whitman wrote in his *Passage to India*:

Lands found and nations born, thou born America for purpose vast. . . .

The Prospects of Political Freedom

The effective translation of social purposes and national values into concrete results is the function of politics and government—the management of public affairs in Aristotle's concept. A dramatic, exciting experiment is going on in Asia. With astonishing uniformity the newly independent nations and most of the countries never subjugated have selected the general form of constitutional representative government. Everywhere the leaders of Asia have so far rejected traditional political institutions centering around hereditary absolutism. As many observers have

noted, one of the remarkable consequences of the aftermath of colonialism has been the "westernism" or westernization of the political process in Asia, in one form or another.

By and large the components have been the standard ones: written constitutions, fundamental political and civil rights, secret elections and universal suffrage, responsible legislatures, accountable executives, and an independent judiciary. Asians had no experience in the democratic process and representative machinery. Yet during the past few years these have been put into operation with surprising initial success. Consider elections in countries of mass illiteracy and low standards of living. This is the telling, exciting political story in Asia. It has worked so far. India had an election of 107 million. Nearly a year ago some 40 million Indonesians conducted their first general election. The Philippines, Ceylon, Burma, Cambodia, Laos, Viet-Nam, Malaya, and Singapore have all gone to the polls during the past year in nationwide voting for candidates and parties.

Much of the political process in any country is its internal affair. Much of the current politics of Asia is unstudied and unknown. But the United States in its official dealings with independent Asia at this stage of their development runs into four key elements of representative government there:

First, *the nationalist movements and revolutionary drive* that liberated the country from alien rule and formulated the goals of independence shared by the leadership, the urban groups, and the large rural population. As many have noted, nationalism sets the stage but cannot enact the drama of new freedom. The winning of a revolution is often easier to achieve than the management of its consequences.

Secondly, *unitary national political leadership* built around the nucleus of a dominant personality and the nationalist revolutionary movement rather than multiple political opposition, although there may be some minor factions outside the national coalescence, and that in some instances consists of several parties or groups. Nuclear leadership is also similar to our experience in the first decade of the Republic. Asian examples are: Sun Yat-sen and Chiang Kai-shek, and the Kuomintang; Gandhi, Nehru, and the Congress Party; Aung San, U Nu, and the Anti-Fascist People's Freedom

League in Burma; Sukarno and Hatta in Indonesia; Magsaysay and the Nationalist Party in the Philippines; Syngman Rhee in Korea; Ngo Dinh Diem and the national revolutionary parties in Free Viet-Nam; and the Sangkum and Prince Norodom in Cambodia.

Thirdly, *the growth of a postrevolutionary administrative group* competent to carry out the program of the revolution under the complex and trying conditions of contemporary society. The tendency toward state control and planning combined with the appalling lack of trained persons and the need to create and man a host of new organizations may place the success or failure of each country's program on the overworked talents of this small but growing key group of young men and women. They must carry on the pioneering spirit and produce the results their older leaders promised for the revolution or reform.

Fourthly, *participation of the rural communities in revolutionary movements and national programs*. Inasmuch as most of Asia is rural, the participation and loyalty of the farmers and their families is crucial to the survival of the democratic process and human values in Asia.

Fortunately, many Asian leaders are realizing the vital importance of enlisting the support and the energies of the rural people whose lot has been so wretched and ignored. President Magsaysay is emphasizing an imaginative rural development program to improve living conditions in the 20,000 barrios in the Philippines. President Diem and the Vietnamese Government have undertaken their own civic action program in the villages and hope to follow it up with a long-range community development and land reform plans. The purpose of the Pyidawtha program in Burma is to encourage initiative for self-help at the village level and to promote public appreciation in the villages of the national welfare program. India has an ambitious community development project. Perhaps a truly significant enterprise for Americans is the Joint Commission on Rural Reconstruction on Taiwan. Two Americans are among its 5-man membership under Chinese chairmanship. It has made a distinctive approach in leadership training, democratic processes, and land tenure. It is a truism that unless Asian governments and external assistance can satisfy the aroused farmers and urban dwellers to some modest extent the nationalist revolutions and constitutional institutions will be rejected.

When looked at objectively, the environment for such government in Asia is not altogether propitious. In considering our response to the political challenge of Asia, we must take into account many obstacles facing nationalist leaders today. There are first the implacable conditions of poverty, illiteracy, and confusion. As everyone knows, children without rice and men without jobs cannot live on ballots. Next is the stealthy conniving of Communist subversion constantly seeking to undermine the independent nationalist governments, alienate and befuddle their support, and exploit every weakness to seize power. The effectiveness of Communist organization shows up in their gains in the recent elections in Burma and Indonesia. And thirdly there are inherent weaknesses. Some of the traditional political concepts of Asia are not conducive to humanitarian democratic ideals and purposes. Political experience has not long included national elections, parties, individual rights, for example, although there has been an interesting kind of village democracy in many parts of Asia. The tremendous demands of national programs and lack of resources may crack the present nuclear leadership before a new political and social system can be created sufficiently experienced and elastic to absorb the stresses of eventual diversion and new leadership. The government may still seem far away to the people. And finally a series of administrative weaknesses which seem endemic with new governments may cause their downfall. In a word, they may attempt too much too soon with too little. They inherit a legacy of revolutionary promissory notes, good in themselves. New popular aspirations accumulate—the people insist on results.

Ideals and practices are separated by a wide gap in time and resources; Asian ministers speak urgently, even nervously, of the handful of years they have to carry out their programs. But the aims and apparatus of the social-welfare state are complicated and hard to manage. They require a large body of talented administrators and experienced experts. Countries emerging from colonial cocoons and societies in which the population is illiterate and scientifically untrained do not have a pool of such skills. They have hardly any at all to begin with, as Indonesia, Laos, Viet-Nam, and Burma know. There is no middle class in most of Asia. Local government apparently is losing its vitality and utility, at least for the time being, while a process of centralization and

urbanization absorbs the energies of the hard-pressed officials. The lack of a tradition or a concept of public service and the tendency toward corruption, monopolistic practices, and self-perpetuating cliques in the parties and departments of Asian governments conceivably could lead to the breakdown of responsive representative government. The centrifugal force of linguistic or racial minorities adds to the fragility of many new Asian governments.

Alternatives to Democracy

It is prudent to make allowance for the possibility that in time the great experiment could fail. Some Asian countries could turn to some form of the age-old pattern of autocracy. Alternate ways would be Communist autocracy such as has been foisted on mainland China, or a new oligarchy, civil or military. But the returns on the present arrangements have hardly started to come in, and they are encouraging so far.

Our response should be to help keep it so to the extent that it is proper for us to do so. We should, first of all, have an interest in seeing through an experiment for which we in so many cases are the inspiration or for which our own past and current experience serve as a useful guide. We can, if we are thoughtful and adroit, help our Asian friends to dispense with some of the painstaking errors we made and to profit from our practice. The American system has greatly influenced the current constitutions and political arrangements of the Philippines, Korea, Japan, Viet-Nam, and Burma. Indonesia, now considering the basic constitutional issues of presidential or cabinet-type executive and federal or unitary government, is interested in how our forms work. The Federation of Malaya is about to go through the process of creating a constitution.

Secondly, we need some general criteria for describing the efficacy and the character of Asian constitutions and governments so that we will not lose our perspective. To some they appear too loose, too alien. To others they may seem too strong, too Asian. The distinguished Indian Ambassador to the United States has reminded us quite appropriately that democratic political development in Asia need not necessarily follow the same pattern as Western types of parliamentary or presidential forms of government. Professor Emerson of Harvard, in his useful survey of

Representative Government in Southeast Asia, has suggested an approach:

No one should come to the study of Southeast Asian political institutions with the fixed preconceptions that they should conform to established Western models. . . . No single political formula can be set up by which to measure whether or not a society reaches the goals implicit in the democratic creed. Ultimate judgment rests not upon conformity to institutional frameworks which have been established elsewhere, but upon the ability of the citizen of high or low estate to make his voice heard and to live in the conviction that the government of his society is not a remote and alien enterprise but a living process in which he participates on equal terms. These are things of which Southeast Asia has known little in the past, and toward which it now strives.

Western friends and observers sometimes are anxious lest the tendency toward unitary nuclear leadership and strong executive powers unwittingly reinstitute traditional authoritarianism lying latent, and restrict or stifle the democratic process and individual rights. However, an essential aspect of the political challenge to us in Asia is the necessity to realize the need for executive leadership and to tolerate a wide variation of direction in the political process, subject to the broad criteria suggested by Emerson. If free Asia successfully makes the transition to relatively stable government, develops real democratic participation, and eradicates illiteracy, the forms of democracy and the functions of the state are bound to be different from ours. But the results will be favorable. We must on our side show an awareness of the full, legitimate scope of the democratic process, its minimum essence and its endless search for improvement. On some such formula of breadth and tolerance we can work out a practical understanding with Asians based on the sharing of common purposes and ultimate values.

In the third place, a spirit of tolerance on both sides is important if we are to meet this challenge of politics because there are different approaches on many important issues besides political development. Asians put more current stress on the evils of colonialism and less on communism than we are inclined to. We have a different view of free enterprise, state planning, and socialism. In diplomatic affairs, the Asians often diverge from our positions. It is important not to overestimate the difficulties of these divergencies, in view of the wide area of basic agreements.

Finally, the survival of freedom requires our sympathy, encouragement, and support for those

groups and movements sharing our broad purposes and generally enhancing our interests. The critical developments in South Viet-Nam in 1955 confronted us with a dramatic challenge. The political issue turned on the continuation in office of Ngo Dinh Diem, whom many Vietnamese and foreigners, officially or otherwise, considered finished. Without his stouthearted leadership at that moment, Viet-Nam could have collapsed. A somewhat unconventional revolutionary nationalism quickly organized itself in Viet-Nam, supporting Ngo Dinh Diem's leadership. Other forces in Viet-Nam and in the free world stood by him. At this crucial, confusing moment of trial in Viet-Nam the Department of State, pressed for an opinion on the situation, declared that:

The United States has great sympathy for a nationalist cause that is free and effective. For this reason we have been and are continuing to support the legal government of Ngo Dinh Diem.

The courageous struggle of the Vietnamese to work out their destiny by themselves and to formulate a new sense of national purpose has won the admiration of the United States and the free world. To support President Ngo Dinh Diem and to aid the Vietnamese people in the rehabilitation and reconstruction of a country ravaged by 8 ruinous years of civil and international war is consistent with our historic policy of supporting the aspirations of freedom and independence.

In general, the challenge of Asia and our interests there indicate that we seek and support a democratic leadership which is vigorous, hard-headed, and competent to deal swiftly and effectively with domestic problems and with various Communist attempts at subversion or even aggression. It follows from the development of the key elements in Asian politics that we sometimes have little choice in supporting the current nuclear leadership. Those who criticize some of these groups fail to realize that governments in the free world cannot always pick and choose their associates. However, the other two elements, the new administrative group and community development, are very much open to growth and change as a result of outside support and stimulus. One of the most far-reaching aspects of the challenge of Asia is whether the West, which finds so many Western-style governments in Asia, will help them quickly accumulate the essential skills and talents to meet the problem of poverty and diplomatic adjustments abroad.

The Problem of Poverty and Economic Growth

As elsewhere in the world, the people of Asia demand relief from the grinding toil of back-breaking work, the gnawing discomforts of poor food and wretched living, and the hopeless wheel of life. Their leaders seek the modernity of industrialization and technology to meet the rising expectations of the people. Every government in Asia has embarked on programs of economic growth. The whole political process is being geared from top to bottom and reverse to solve the problem of poverty. The rate of success in achieving economic targets will play a major role in the ultimate choice between the democratic process or the Communist system.

Except for Japan, the Asian countries have inherited primarily agricultural economies with low per-capita incomes, little if any surplus for saving and investment, and sharply limited diversification of output. They lack modern skills and capital. A continuous increase in population creates something of an economic squirrel cage. The rate and nature of economic growth is just able to keep up with the added number of mouths to feed. Accordingly, if the Asians are to break out of this economic squirrel cage they will need external resources in both goods and training. Many friendly countries can provide an assortment of these, but, until the recent debut of Soviet Russia and Communist China into the field, the United States has been the principal source of assistance.

The problem of poverty and economic welfare involves us and the Asians in a series of complex issues:

1. *The Choices for Asian Economic Policy.* Asian governments must calculate the amount of industrialization, consumer satisfaction, and agricultural development necessary to carry out political objectives and compatible with available resources. This means a system of priorities and some hard decisions. There is never enough to go around to satisfy everyone and build everything at once. Moreover, the nature of economic development is still illusory, for we do not know enough about its process and structure always to decide the correct action to take. What actually are the expectations of the people in various Asian countries? The means as well as the targets also have to be selected: how much planning and state direction is necessary, can private enterprise be developed, will foreign private investment and foreign government aid be requested and accepted

as part of the national fund for economic development?

2. *The Gap Between the Possibility of Physical Performance and National Goals.* Despite improving efforts in economic growth, the gap between promise and performance is still distressingly wide. Poverty and low standards of living remain. The total amount of resources needed to begin and sustain the complicated process of economic growth is immense. Some economists have calculated the magnitudes of the external component at one to three billion dollars a year for an indefinite period. The theoretical requirements for skilled manpower are almost inexhaustibly great, for the stupendous problem facing less-developed countries is to accumulate, absorb, and utilize capital and talent in a short time sequence. Asian needs when viewed in the abstract greatly exceed the total of indigenous and external resources so far made available; but Asia's own ability effectively to absorb external aid also sets practical limits.

3. *The Contest Between the Democratic Way and the Totalitarian Technique.* It is in Asia that the protagonists of freedom or force meet in today's world, for here the methods of both are being tried out. The competition is deliberately dramatized in the different approaches of India and Communist China. As many Indians and others have remarked, the success of these alternatives will influence the economic and ideological pattern for all Asia. But I would hasten to add that the effectiveness of the free way in other Asian countries will also shape Asian developments. It should be emphasized that the Japanese people are making a swift and strong recovery from the effects of war and defeat—which also illustrates what can be done by a free system.

4. *The Cooperation Between the Economies of Japan and South Asia for Valid Mutual Benefit.* This is a complicated and delicate matter, but effective handling of its difficulties and potentialities can do much to answer some of the economic decisions of Asian governments, narrow the gap between resources and requirements, and win the test with Soviet theories and techniques as applied by the Chinese Communists. Japan depends on markets for its manufactures and possesses the facilities for trade and investment. Much of the rest of Asia has the materials but needs the skills. A suitable regional, cooperative endeavor could relate the two but would have to be so arranged

as to assure economic progress and national development satisfactory to the nations of South Asia. The United States also has a real interest in the vitality and stability of Japan's economy. Japan is just about the American farmer's best market abroad and our second or third best single customer during the past 3 years.

5. *Communist Economic Assistance.* The total economic output of the Soviet bloc now amounts to more than half that of the United States, an expansion obtained at appalling human cost and misery, for it concentrates on heavy industry and military weapons—not on goods and services for people. But the Soviet rulers are probably counting on this large material increase to help them shift the balance of power in the world. This growth has made possible so-called Communist "economic assistance" (in reality, economic penetration) for less-developed countries in Asia and elsewhere and an expansion of commercial trade. The new element of Soviet-bloc loans in the world economic picture began in 1954 and now amounts to at least half a billion, if not more. In Asia, this has already involved Afghanistan, India, Burma, Cambodia, and Indonesia. It is still a novelty too recent to evaluate with any assurance. But it is certainly not disinterested. Communist aid is designed to promote the influence and power of Russia and China by exploiting tensions and stresses in Asia, penetrating key political and social groups, and attracting trade, training, and technological dependence toward the Soviet orbit. This is another aspect of the ceaseless Communist probing for openings and weaknesses to manipulate all along the Eurasian arc. Initial Communist assistance and loans have been rapidly executed, with a minimum of negotiations or terms. What the ultimate performance will be is still unknown, but it would appear that the Soviet bloc is undertaking a calculated, coordinated, long-term campaign in the economic field in Asia. We cannot afford to ignore Communist aid as a competitor in this field. But the response of the United States should be to continue to stress our concern and improve our support for the independence and development of the less-developed countries per se, as the President and the Secretary of State have stated.

The attitude of the United States toward the hard problem of poverty and these various complex aspects of it in Asia must take into account the contemporary world economic situation. To-

day, the United States plays a unique role. We produce about 40 percent of the world's goods and services with only 6 percent of the world's population. Secondly, we have such a position in a world economic pattern that has itself drastically changed since the last century. Then, an orderly and delicately balanced system of private enterprise and foreign investment among a few independent economic entities prevailed over most of the globe under the influence of the European powers, Great Britain primarily. Now, a large number of independent states in addition to European and American countries are all seeking industrialization and economic growth; the central government everywhere has assumed the responsibility, in greatly varying degrees, for assuring full employment and economic progress; the opportunities for private investment and the flow of capital have tended to become channeled and governed by international institutions and political conditions; the insatiable demands of advancing technology extend the discovery and procurement of natural resources all over the face of the earth; and, finally, the swift growth of population is continually expanding the needs for human satisfactions everywhere. In essence, the vast change in our contemporary world is the emergence of aspirations, expectations, and requirements of the whole mass of the population in every country demanding satisfaction.

These key factors create a series of tasks for the United States in Asia. First of all, the whole free world, including the United States and Asia, must work together to promote economic progress and stability in a total world which no longer allows isolated existence. We depend on Asia for nearly all our rubber, copra, jute, tea, silk, shellac, tin, manganese, mica, hemp, and spices. During 5 years, 1951-1955, U.S. exports to Asia averaged about 14 percent of total U.S. exports. The health and stability of our economy is a decisive factor in maintaining economic strength of free nations. The disposal of our agricultural surplus in Asia and the pricing of Asian raw materials have profound impact on their economies.

Secondly, over the next decade or two, we can be certain that the less-developed nations will require a steady inflow of resources and skills from industrial countries to carry out national programs in a democratic process. External assistance will be needed for some time as the key

component in stimulating the start and maintaining the momentum of economic growth. We can recall that our own experience in the 19th century followed somewhat this pattern, but at a much slower pace. The free world should try to assure an adequate flow of skills and capital into Asia. This is a purpose of the Colombo Plan and the World Bank.

We cannot let the political experiment in freedom fail in Asia because the problem of poverty and the material contest with totalitarianism are not decisively met. A few figures on U.S. aid demonstrate our concrete intentions. The U.S. has assistance programs in 28 countries, of which 14 are Asian. Since the Korean invasion in 1950, American economic aid to Asia has increased steadily from 20 percent in 1952 to 45 percent in 1955 of our total economic assistance. The program of all types of aid for 1956 for Asia amounted to about \$1.5 billion out of some \$2.5 billion for the total program. In the fiscal year ending June 30, 1956, the nine countries in Eastern Asia or the Far East—Korea, Japan, China (Taiwan), the Philippines, Viet-Nam, Cambodia, Laos, Thailand, and Indonesia—received 53 percent of U.S. worldwide economic and technical assistance, about \$760 million. In 1953 they received 12 percent and Europe 66 percent. American companies and private investment are also contributing to improving economic growth in Asia and also to promoting a better understanding of the worthwhile virtues of American enterprise.

In the third place, we must recognize that Asian economic growth will be diverse, continuous, and complicated, in view of the fact that per-capita productivity is only 4 percent of ours. In his message to Congress of March 19, 1956, the President pointed out the necessity for continuity and flexibility in providing assistance. Effective external aid should proceed evenly and flexibly in Asia to assure stability, impact, and efficient absorption. The Asians, among others, would like to have some general notion of the continuity of assistance in acquiring training, equipment, and facilities which require time to obtain and which must be meshed carefully into long-term national plans and projects. Asian ministries prefer to be able to budget their total resources, foreign and domestic, several years in advance, establish priorities which will stick, and meet their economic targets on time if possible.

Fourthly, I believe that both the prospects of

political freedom and the problem of poverty lead to the virtually self-evident proposition that the training of a sufficient number of competent leaders and experts to produce results is a key feature in assistance for Asia. The crying need for skills is a prime priority. It is in this area that the educational facilities of the United States and the similar tropical environment of many Latin American Republics can contribute to Asian needs. The Russians clearly realize that technical assistance is significant, as evidenced by the fact that they are moving into this field.

Fifthly, the issues of poverty and economic growth will involve us in a variety of different approaches from those of the Asians. Their heritage of colonialism, suspicions of Western motives and capitalism, and impatience for quick results generate points of view and perspectives contrasting to ours in economic matters. While the Western-educated Asian leaders believe in the democratic process and individualistic human values, some of them tend to choose governmental direction and various types of socialistic techniques to promote individual human welfare, instead of relying primarily on private enterprise and foreign investment to do the job. Asian countries have few business managers. Commerce and industry are often in the hands of Chinese and Westerners. Since there is no middle class, and the population expects miracles in economic and social progress not in a generation but overnight, there is a tendency to accept state planning as a way out. We must recognize that this tendency creates an issue of method of some importance. In my view, however, the pragmatic test of time and experience will be a better advocate than theoretic arguments as to the relative efficacy of various methods and institutions to promote economic growth.

Then, too, Asians put different stress and priority on the various choices of economic growth than will American officials and foreign advisers. The argument usually involves the rate and degree of industrialization. Here the Asians sometimes want to move faster than many Westerners would consider as sound. Asians may be more prone to experiment with aid from the Soviet bloc and trade with Communist China than would seem prudent or profitable to us.

Finally, the prospects for quick economic improvement in Asia face many unknowns, for economic development is only one factor in many. It is too early to tell whether the general aspira-

tions of the people will be reasonably satisfied, deferred, or frustrated. There are initial signs that some specific economic progress is on its way. More and more goods and services in various Asian countries are being set aside for investment and per-capita production is increasing in the Philippines, Thailand, Burma, and Malaya, for example. But we really only know that vast forces are moving and changes only now are beginning to take shape. Asian leaders and technicians have an intense, idealistic will to achieve their goals. Therein may lie the ultimate answer.

The American response to their efforts has been generous and sympathetic, many Asians declare. But we all do need to keep in mind that the position of the donor is often uncomfortable, beset with unexpected headaches and disappointments. In our programs of aid our ways are often misunderstood; requests are made on us which we cannot fulfill; and critics frequently attack our motives. It does not necessarily follow that outside financial help immediately insures friendship or favorable consideration, nor that such should be an object of aid. The important point is that our policy is to help preserve independence and freedom. Our style, manner, and attitude in contributing to the national development of free nations will have more long-run effect than the size of our outlays. Dollars are only instruments—legal tender, albeit needed. Indispensable is the human tender—the friendly expression, the firm hand-clasp, and the sincere followthrough: the practice of effective diplomacy with leaders and people in a total world:

The Adjustment to a World Community

A bond of shared experiences and purposes exists between America and Asia apart from the many strands that link us with the Mediterranean-Atlantic community. In *The Federalist* papers Alexander Hamilton wrote:

Africa, Asia and America have successively felt European domination. . . . Let the thirteen States, bound together in a strict and indissoluble union, concur in erecting one great American system superior to the control of trans-Atlantic force or influence, and able to dictate the terms of the connection between the old and the new world.

The Asians today are working out the connection between themselves and the rest of the world on their own terms and by associations of their own choosing.

The foreign policies of each Asian government are designed to maintain their independence and to help keep peace in the world. Asians are particularly concerned over threats to peace and vehemently oppose war in the atomic age because it would undo their efforts to build new nations. To achieve these basic goals, it is significant that the Asian nations, and particularly the smaller ones, should immediately enter into international associations and develop their international and diplomatic relations. As relatively weak, uncertain, and hard-pressed countries, some or all of them might have been inclined to remain alone by themselves—cautious, reticent, and preoccupied with their own internal problems. Instead, each newly independent nation has sought and valued membership in the United Nations and played an active part in its organs. The extensive participation of Asian governments in every international organization is a measure of their world outlook today. We have every reason to be thankful that so many countries and such a large segment of humanity have responsibly and eagerly joined with others to help build a world community in peace.

One of the diplomatic challenges to Asians in adjusting suddenly to a total world is in finding and cultivating their neighbors. Colonialism carved Asia into insulated compartments. The Burmese, Indonesians, and Vietnamese learned much of England, Holland, and France but nothing of each other. Independence is slowly splicing Asia together, as Asians rediscover their kinship and common interests. Asians are coming to know each other as never before, fascinated with similarities of dress, customs, and traditions amidst such diversity. They indicate that they have much to learn from each other and much to share. Although each Asian revolution has its uniqueness, they all proceed through the same painful process of rapidly unraveling the connections with the colonial heritage and immediately establishing independent institutions—banks, enterprises of all sorts, embassies, and a civil service. However, it would seem that each is still too bound up in its own development to promote active interests in effective regional associations as yet. Yet the possibilities of regional contacts should not be overlooked. The Asians have actively participated in the Colombo Plan and ECAFE [U.N. Economic Commission for Asia and the Far East]. The Bandung confer-

ence showed many common bonds as well as differences. The countries of Southeast Asia may eventually find that some form of mutual association organized on a regional basis might be useful in various endeavors. We know from the Organization of American States the value of regional organizations. There has been initiated a modest form of regional economic collaboration in the Mekong Valley with Laos, Thailand, Cambodia, and Viet-Nam. Without close mutual support the small Asian countries will be more vulnerable to predatory alien influences.

Despite the will for peace in Asia, there is in reality only an uneasy truce at best, an ominous interlude. Notwithstanding some soothing assurances and a few generous gestures, the Communist mask in Asia cannot conceal its arsenal of hostility toward its free neighbors and its goal of Communist Asia. The Communist objective has been to dominate the manpower of China, the industry of Japan, and the raw materials of South Asia. Lenin wrote:

First we will take Eastern Europe, then the masses of Asia, and then we'll surround America, that last citadel of capitalism. We won't have to attack; it will fall into our lap like an overripe fruit.

Leninism was concocted in the pre-atomic, divided world of colonial empires. But it seems to me significant that the post-Stalin rulers of Russia have so conspicuously reverted to the leadership of Lenin and Marx. The challenge of Asia to the United States and to Asia itself is again underscored, for legend has it that Lenin said the route to Paris lay through Asia. Khrushchev and Bulganin, the disciples, spent several weeks personally cultivating India, Burma, and Afghanistan. The Soviets are working on Japan and Indonesia and are playing up to other Asian nations. So far as the world knows, neither the Russians nor the Chinese have renounced their aims of world control.

The supremely critical international problem in Asia today is the Communist threat to the peace, stability, and independence of the free Asian nations. Many of Asia's problems would still confront the world even in the absence of Communist power. But the combined Russian-Chinese campaign of political cajoling, economic enticement, military threat, and relentless subversion stretches out like a giant octopus. The ramifications of this new-style offensive once again challenge our interests in the world and require the

development of policies to meet the issues of neutrality and collective security in the light of the diverse reactions of Asians to the Communist threat.

What are our basic responses to the Asian adjustments to the world community and the threat to peace in Asia? It is essential to fashion an accurate formulation and an effective application of real national interests as distinct from sentimental attachments, parochial indifference, or exaggerated aims. Simply put, we need a world of liberty to sustain our own freedom on an overcrowded, shrinking planet. During 150 years American diplomacy could conduct a finely calculated continental and hemispheric policy to keep out alien influence and preserve our free environment. But the total world of today has extended the dimensions of world freedom and world peace.

Long-Term U.S. Interests

Accordingly, our interests can be stated briefly as follows:

1. We encourage, as appropriate, social systems on the Eurasian continent which harmonize with our own along broad general lines of human freedoms and democratic rights. In such societies we have a stake, for their extinction in a total world would bring the totalitarian terror to our own shores. Needless to say, we do not seek the exact image or replica of our own way of life, for we cherish the infinite variety and endless possibilities of freedom's diversity. In Asia, then, it is in the interests of the United States to support the independence of the newly independent nations.

2. Our second interest is to prevent, if possible, the Eurasian continent from falling under the complete and effective control of a hostile power. In Asia, therefore, it is in the interests of the United States to seek a reduction in the power and influence of totalitarian communism hostile to the United States and the free countries.

The conquest of Japan, the capture of Southeast Asia, or the seizure of any one of the free Asian nations would seriously endanger these long-term interests. Therefore, our collective arrangements in Asia have had to concentrate on security. That is the meaning and purpose of the Southeast Asia Treaty Organization. It is developing the machinery and the relationship among its members to deter aggression and subversion in Southeast Asia. Thanks to the hospitality and initiative of Thailand, the headquarters and the organs of SEATO operate in Bangkok. We have also joined in sepa-

rate defensive arrangements with the Philippines, the Republic of Korea, the Republic of China, Australia, and New Zealand. With Japan we have a special security treaty.

Collective security to deter aggression requires armed force. The aftermath of aggression in Korea and war in what was Indochina, and the buildup of Chinese, Korean, Vietnamese, and Laotian Communist forces continue to threaten the peace in Asia. That explains our relatively large programs of military assistance to Korea, the Republic of China, and Viet-Nam, which absorb the bulk of our military aid in Asia. These are key geographic points on the shield of freedom in Asia. Behind them lie the security forces of other friends and allies. And nearby are the mobile striking power and strategic reserve of the United States, as the new naval air base in the Philippines demonstrates. We cannot be sure of the intentions of the Moscow-Peiping axis. We have a fair idea of its capacity to do great damage to the free countries in Asia. We do know it is in our interests to insure their independence, encourage their political freedom, and reduce their poverty.

Asians do display different attitudes toward the threat of Communist aggression and Communist China. This causes some misunderstanding. In 1950 Asians uniformly condemned the North Korean aggression against the Republic of Korea. Of late, some Asians seek defensive treaties to deter aggression and subversion. But other Asian countries prefer what they call "nonalignment," or "active neutrality." They do not choose to join alliances pursuant to article 51 of the United Nations Charter for enhancing their security or that of their neighbors. Yet, they do mean to protect and preserve their independence. Many factors apparently explain the reasons for this military nonalignment or nongrouping: fear of the possible predominant influence of strong Western power after colonial rule, pride in their new independence, sensitivity to any slight to their sovereignty, and a look at their inherent individual weakness vis-a-vis great powers.

While these differences in approach do cause temporary problems, the general attitude of the United States has been expressed. The President stated our policy on April 21:²

We have a vital interest in assuring that newly independent nations preserve and consolidate the free institutions of their choice.

² BULLETIN of Apr. 30, 1956, p. 700.

In Manila on Independence Day, the Vice President defined other aspects of U.S. policy to the effect that

We believe in the right of each individual nation to chart its own course, and we respect whatever decision it makes even though we might not fully agree with that decision. It is only natural that we should feel closer to those who stand with us as allies. . . . But we cherish also the friendship of other nations who share our dedication to the principles of democracy and freedom even though they have not seen fit to ally themselves with us politically and militarily.³

As for Communist China, the American attitude was expressed recently in the unanimous resolutions of the Senate by 86-0 and the House of Representatives by 391-0 opposing admission of Red China into the United Nations.⁴ That bipartisan congressional vote demonstrated the strength of American feeling on that subject. We must, of course, recognize that there are differing Asian responses to the problem of Communist China. Some countries in Asia stress the factors of Asian race, China's power, and China's nearness. These are quite different from the factors that influence us in this question. We stress the dangers of enhancing the prestige and the power of a regime which is using time in an effort to build the strongest military and political power in Asia, even if it takes a generation, and which is employing, at terrible human costs, a ruthless dictatorship and massive forced labor. We know of no instance yet in which such communism has freed any country from its rule or ceased to spread its power where it can.

Conclusion

Young America and new Asia, both now independent, have emerged into the general stream of world affairs in the 20th century at a time of rapid change. Conditions of life in America and Asia may vary extremely, but the pace and passion for betterment are shared. At many points the basic human values and social purposes of Asia and America coincide. On many current issues of political outlook, economic forms, and foreign relations, important divergencies exist and more may arise. Yet it would be tragic and unnecessary to miss the opportunity to establish a harmony of purpose and an area of cooperation where there appears to be, for a while at least,

a community of ideals and a frontier of action.

Asia is full of promise and danger, as Conrad wrote—The burgeoning generations growing and yet unborn around the rice fields, the fishing villages, and the rising factories have not yet come to speak up for what they will seek. Their future leaders will not stem from any Western mold, speaking foreign tongues and steeped in foreign ways. Their aspirations will later measure the results of the next few years to find them worthy or wanting. No one can forecast their choice, but anyone can see that they could turn from failure of freedom should its uneasy possibilities be lost.

We in the United States will need to hold onto a firm balance for years to come in this era: neither too virtuous about our great advances nor too reserved over our shortcomings; neither too intimate in friendship nor too sensitive to criticism; and neither so certain of our answers that we appear superior or paternal nor so supple in our responses that we seem inconsistent or wavering. In an endless steeplechase of human affairs, stamina and endurance, patience and persistence will be crucial. The American mark can be a dignity of conduct, a firmness of resolve, and a sincerity of purpose.

It will be prepared to share with others the beneficial advances and a perceptive understanding of the great changes in contemporary life. Its ultimate goal will not be to enslave mankind in any new form of tyranny which man has seldom avoided throughout history to our own time, but to enable the people of this planet to enjoy the endless possibility of advance in freedom which lies within grasp for the first time in history. That is the challenge of new Asia for the United States.

Agricultural Commodities Agreement With Republic of China

Press release 435 dated August 14

An agricultural commodities agreement was concluded on August 14 between the Government of the Republic of China and the Government of the United States of America. Acting Minister of Foreign Affairs Shen Chang-huan and Ambassador Karl L. Rankin signed the agreement at Taipei on behalf of their respective Governments.

Under this agreement the Government of the Republic of China will purchase, and the United

³ *Ibid.*, July 16, 1956, p. 94.

⁴ For text, see *ibid.*, Aug. 20, 1956, p. 311.

States agrees to sell, approximately \$9.8 million worth of the following commodities: cotton, dairy products, tobacco, and inedible tallow. The above figure includes ocean freight charges of approximately \$600,000.

The new Taiwan dollar proceeds from sales of commodities will be used to develop new markets

for U.S. agricultural commodities, to help finance international educational exchange activities in China, and to pay U.S. Government expenses in the Republic of China. About half of the proceeds will be used to procure military equipment, materials, facilities, and services for common defense purposes.

Current Aspects of the Struggle With Communism

by Henry Cabot Lodge, Jr.

U.S. Representative to the United Nations¹

You make me profoundly grateful by presenting to me this award and this citation. I shall always cherish this medal and vividly remember this occasion.

This award by the Veterans of Foreign Wars is gratifying and significant because of the great place which this organization holds in our national life.

The fact that it is named for Bernard Baruch, a great American who has done much for our country, especially in the foreign relations field, adds to its value.

Finally, this award is precious because it shows that you, Commander in Chief Murphy, and the splendid organization of which you are the leader, are heart and soul behind America's enlightened and bipartisan effort to establish a just and lasting peace.

Your award and your citation will inspire me to do all within my power to be an eloquent spokesman in the world forum for the United States of America and for President Eisenhower—a spokesman of those truths which make men free.

In the United Nations, under President Eisenhower's leadership, we have, in football language,

¹ Address made at the national encampment of the Veterans of Foreign Wars at Dallas, Tex., on Aug. 13 (U.S./U.N. press release 2443) on the occasion of receiving the Bernard M. Baruch Award and Citation in the fields of national security, unity, and world peace.

gained some ground. Let me cite a few specifics.

First, working in the United Nations Security Council, in close cooperation with our South American allies, we played a decisive part in foiling the Communist attempt to take over Guatemala.

Second, we used the uniquely influential United Nations loudspeaker to arouse world opinion against Communist attempts to take over Formosa, with the result that in that dangerous area we still have peace—and have surrendered nothing.

Third, when Red China illegally imprisoned 15 United States Air Force fliers captured in the Korean war, the General Assembly by a 47-to-5 vote condemned their detention, demanded their release, and sent the Secretary-General to Peking—with the result that today every one of those 15 fliers is safely home.

Fourth, we have used the United Nations loudspeaker again and again to nail Communist distortions on the spot and to expose to world opinion the brutal Red techniques of forced confessions, wartime atrocities, slave labor, and the colossal lie about germ warfare.

Fifth, on 30 separate occasions in the past 3 years we have led the United Nations in its rejection of the attempt to seat Communist China.

Sixth, through the United Nations, President Eisenhower has projected to the world his mag-

nificent conception of atomic energy consecrated not to man's destruction but to his life—and thereby he has dramatized for the whole world the deep devotion of America to peace.

Seventh, the United Nations overwhelmingly endorsed the President's bold proposal for mutual arms reduction and protection against aggression by aerial sentinels in an "open sky," and United Nations members have noted with great interest his offer of United States participation in an international fund for economic development, the money to come from the savings from disarmament with effective inspection.

Eighth, we have seen to it that every single American employed by the United Nations is screened in accordance with Civil Service Commission and FBI procedures, for the good and sufficient reason that with so many good Americans to choose from there is no justification for employing one single American Communist.

Ninth, and perhaps most important, we have continued to help build the United Nations into a realistic and effective agency for peace, able to put the damper on disputes before they turn into wars and thus to guard mankind against the frightful calamity of a modern global war.

Progress in War Prevention

To use a colloquial phrase, I am in the war-prevention business, and, as veterans of our country's wars in this century, you may be interested in a report of what progress we are making along that line.

I think we have been learning. Thirty years ago many Americans favored the "hitch your wagon to a star" approach, whereby governments made legal commitments, in some cases tending to weaken national sovereignty, in the hope that somehow this, in and of itself, would improve matters, even though it could have been predicted that the commitments would not be lived up to when the first test came.

Even 11 years ago, when the United Nations was founded, there were some who expected it to enforce peace among the nations by some legalistic magic so that it would no longer be necessary to maintain national military forces.

Today such ideas are seldom heard. We know from our own hard national experience that to wage peace successfully means that we must be strong.

When I use the word "strong," I use it in a very big sense. It is a big word which must not be shrunk by limiting it to just one type of strength.

It should not, for example, be made to mean that we must have constant superiority at all times in every single category of the vast arsenal of weapons. A country which did that would not be strong—it would be musclebound. One dollar spent to build up the economy of a potential ally can do more in certain situations for our national strength than three dollars spent on a bomber. It is dangerous oversimplification to think that national strength and survival depend exclusively on military means. In the world struggle military strength is utterly vital and evokes the bitterest sacrifices of all, but national strength depends on more than military strength.

We must, for example, be strong in the economic life of our country. We must be strong in the skill with which our diplomacy and foreign policy are conducted.

We must be strong in our devotion to the cause of freedom and justice which we serve and in our certain faith that, with God's help, that cause will triumph in the end.

We must be strong in the number of our allies and in their own effectiveness and strength, because, although the United States has 40 percent of the natural resources of the world, we have only 6 percent of the world's population, and this means that we must never stand alone.

When we think about the history of the cold war which communism has been waging for years against our way of life, it becomes even clearer why we have to be strong in all these different ways.

From the beginnings in the Stalin era the Red cold-war offensive was total, including: military forces (whether they were actually shooting or not); subversion by Communist Parties; economic penetration; propaganda; cultural affairs of all kinds; even sporting events—in fact, every aspect of the life and strength of the Soviet Union and its empire.

Cold War Continues

That is still true today—and I say this in spite of the fact that since the death of Stalin in 1953, and especially since some of his crimes were officially acknowledged by his successors this year, we have heard much talk about the supposed

changes in the appearance of the Soviet Union and its satellites.

Frankly, from where I sit and where I work, I cannot see it. In the United Nations today we confront the representatives of world communism in the open. And the words which these representatives utter are still the words of Stalin—regardless of all the talk of change. It is true that they have made a scapegoat out of Stalin's ghost, and there are indications of life being a little less harsh for some Soviet citizens. They appear, at this time, to have soft-pedaled military aggression, due, perhaps, to their reverses in Korea and to the fact that the free world has organized military defense against them. They have also put more emphasis on other kinds of foreign pressure, especially in the economic field, and have sometimes acted quite shrewdly to advance their program of penetration in so-called neutralist countries, showing a keen realization that those countries are all quite different and must not be dealt with on a wholesale basis.

But a few recent events show that in other ways there has been no real change. Here are three examples.

A month ago in the United Nations Disarmament Commission in New York, the Soviet representative made the first really abusive speech against the United States that I have heard in 6 months, full of inaccuracies and even repeating the threadbare Communist myth that American munitions makers dictate American policy so as to prevent any reduction in armaments. His speech, as I said in his presence,² was a scurrilous attack in the very worst traditions of Stalinism. To any observer at the United Nations on that day, it was clear that the Soviet Union had not given up the cold war.

In the Near East we have the clearest possible demonstration that the Soviet Union wants to promote international tension and discord. It was the Soviet Union, and not its puppet, Czechoslovakia, which made an arms-for-cotton barter deal with Egypt, thereby placing vast military stores at Egypt's disposal and fanning anew the flames of old hatreds. Similar Soviet offers have been made to other countries in the Near East. Such Soviet acts of international irresponsibility have led to President Nasser's sudden and provocative seizure of the Suez Canal and are clearly the

greatest contribution to the sharpening of international tension that any nation has made in the past year.

Meanwhile we are witnessing the same kind of behavior by Red China. The Chinese Communists have continued to persist in a campaign of propaganda intended to create hatred and distrust of the United States. They have continued to refuse to agree to a meaningful renunciation of force in the Taiwan area. They still refuse the release of all our prisoners. They have brought aircraft and weapons into North Korea in violation of the Korean armistice. They put down a revolt in Tibet with bloody military measures, meanwhile telling foreign newsmen that they are giving the people more democracy. They proclaim loudly "five principles" of so-called peaceful coexistence while their agents practice subversion against the established governments of their sovereign neighbors. These are not the actions of a country that seeks to reduce tensions and certainly not of a country that deserves a seat in the United Nations.

With these actions in mind, it seems that the Soviet Communist Party meant what it said only 6 weeks ago when it issued a long statement against Stalin and then ended with this classical Stalinist sentence:

No malicious, slanderous outbursts of our enemies can stop the invincible historical march of mankind toward communism.

When a great world power is as stubborn and as slow to learn as that, it is easy to become discouraged. But our future as a great nation depends on our refusing to become discouraged. We must never take counsel of our fears.

Formula for Contending With Communism

I wish to end on this note of hope. Experience convinces me that progress is entirely possible in contending with communism. It has proved to be possible again and again when free nations are firm and united in support of constructive and intelligent policies.

As long ago as 1946 the spotlight of world opinion focused by the United Nations Security Council forced the withdrawal of Soviet troops from Iran.

In 1948 the firmness and united courage of the United States and its British and French allies and of the German people forced the Soviet Union to abandon its blockade of Berlin.

² BULLETIN of July 30, 1956, p. 203.

In 1954, faced with the nearly unanimous verdict of world opinion, the Soviet Union gave up its attacks on the Eisenhower atoms-for-peace program and decided to join in the international agency which will soon be a going concern.

In 1955 Red China bowed to the dramatic demand of the United Nations General Assembly and released our 15 fliers whom it was holding as pawns in a war of blackmail and hate propaganda.

Again in 1955, the Soviet Union failed to get its ridiculous puppet of Outer Mongolia into the United Nations and abandoned its "all or nothing" position on the admission of new members.

Patience and firmness, and a national strength that is not only economic, military, and political but also moral and spiritual—these qualities will get good results. They justify faith that the values which all of us are pledged to defend will long outlast the totalitarian system which threatens us today.

It is up to us as members of the Veterans of Foreign Wars, with its prestige and vivid knowledge of the importance of world peace, to help America carry her responsibilities. Our great organization is animated by the tradition of individual self-sacrifice. This is the basis of that spiritual strength without which the other types of strength do not avail. You will surely, therefore, provide your full share of leadership so that future generations of Americans will live in freedom.

U.S. Proposals Concerning Special Committee on OAS

Press release 431 dated August 13

DEPARTMENT ANNOUNCEMENT

The State Department on August 13 made public the text of a diplomatic note sent to each of the other American Republics in furtherance of the proposal made by President Eisenhower in his speech at the meeting of Chiefs of State of the American Republics at Panama City on July 22.¹

At that time, President Eisenhower suggested that the Presidents of each of the American Re-

publics appoint a special representative to a committee which would prepare concrete recommendations for making the Organization of American States a more effective instrument. These representatives would be charged with preparing practical suggestions in the economic, financial, social, and technical fields which the Oas might appropriately adopt. The President pointed particularly to consideration of ways in which the beneficial use of nuclear forces throughout the hemisphere could be hastened. At Panamá the President announced that Dr. Milton Eisenhower would be his representative on this special committee.

The diplomatic note which has now been circulated to the governments of the other American Republics proposes that the terms of reference of the special committee should be as follows:

To prepare concrete recommendations for making the Organization of American States a more effective instrument of cooperative effort in the economic, financial, social and technical fields.

In this regard to give particular consideration to the more effective utilization of the Organization by the Member Governments.

Upon submitting its recommendations to the Presidents, the Committee will terminate its activities and dissolve.

The note proposes that the committee convene in Washington, on a mutually agreeable date, and requests of the other governments their suggestions regarding the committee and its tasks.

TEXT OF U.S. NOTE²

EXCELLENCY:

Under instructions from my Government I have the honor to inform Your Excellency with regard to the nature and terms of reference envisaged by President Eisenhower for the special committee whose formation and purpose he had the honor to suggest during the course of the recent Meeting of Presidents of the American Republics, in the Republic of Panama.

I am instructed first to inform Your Excellency of the appreciation of President Eisenhower for the support extended by His Excellency (name) President (or President-elect) of (country) to the proposal that such a committee be formed,

² Delivered during the week of August 6-12 to the Foreign Offices of the other American Republics by the U.S. chiefs of mission.

¹ BULLETIN of Aug. 6, 1956, p. 219.

and respectfully to request that both this expression of appreciation, and the recapitulation which this note contains of the thoughts of President Eisenhower on the implementation of the proposal, be transmitted to His Excellency.

As Your Excellency knows, President Eisenhower suggested at Panama that each President name a special representative to join in forming an ad hoc committee, and at that time stated that Dr. Milton Eisenhower would be his representative. It has been his feeling that the terms of reference for this committee should be the following:

To prepare concrete recommendations for making the Organization of American States a more effective instrument of cooperative effort in the economic, financial, social and technical fields.

In this regard to give particular consideration to the more effective utilization of the Organization by the Member Governments.

Upon submitting its recommendations to the Presidents, the Committee will terminate its activities and dissolve.

I am likewise pleased to inform Your Excellency that it is the intention of the Government of the United States to invite the committee to convene in Washington. My Government will, in the near future, consult with Your Excellency's Government with regard to a date for the meeting of the committee.

My Government would welcome any observations or suggestions which Your Excellency or His Excellency, President (or President-elect) (name), may wish to transmit with regard to the committee and its work. I shall, of course, likewise take occasion to inform Your Excellency of any additional suggestions my Government may have. I also respectfully request that Your Excellency inform me of the name of the person designated by your President (or President-elect) to serve on the committee, once he has been appointed.

In closing, Your Excellency, I am instructed to add that, with a view to clarifying the nature and scope of this committee, my Government deems it desirable that the contents of this note be made public. It consequently invites Your Excellency's Government to join it in simultaneous release to the public press and suggests that the release be made not before 12 noon Eastern Standard Time, August 13.

Accept, Excellency, the renewed assurances of my highest consideration.

President Disapproves Bill To Divert Lake Michigan Waters

MEMORANDUM OF DISAPPROVAL

White House press release dated August 9

I have withheld my approval of H. R. 3210, "To authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test, on a three-year basis, the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes."

This bill is substantially the same in purpose and effect as H. R. 3300 of the 83d Congress from which I also withheld my approval in that it would authorize the State of Illinois and the Sanitary District of Chicago to increase from 1,500 to 2,500 cubic feet per second the diversion of water from Lake Michigan to the Illinois Waterway for a period of three years. H. R. 3210 would also direct the Secretary of the Army to make a study with respect to the effect of the diversion and to make recommendations regarding its continuance. While certain conditions and limitations are imposed that were not in the earlier bill these do not deal with the fundamental reasons for my withholding approval of that measure.

In my memorandum of disapproval of H. R. 3300¹ I stated, among other things,

I am unable to approve the bill because . . . (2) all methods of control of Lake levels and protection of property on the Great Lakes should be considered before arbitrarily proceeding with the proposed increased diversion, (3) the diversions are authorized without reference to negotiations with Canada, and (4) the legitimate interests of other States affected by the diversion may be adversely affected. . . .

A comprehensive report by the Corps of Engineers which will include consideration of the best methods of obtaining improved control of the levels of the Great Lakes and of preventing recurrence of damage along the shores is nearing completion. I am asking the Secretary of Defense to expedite completion of this report. This report is in addition to the technical report on the effects of an increased diversion into the Illinois Waterway which has been made by the Joint Lake Ontario Engineering Board to the International Joint Commission. I think it would be unwise

¹ BULLETIN of Oct. 11, 1954, p. 539.

to proceed with the diversion in the manner proposed in H. R. 3210 until all relevant information has been obtained, particularly since objections to the proposed diversion have been registered by the Canadian Government in its note dated February 13, 1956, and additional objections filed by legal advisers of the States of Wisconsin, Ohio, and New York.

Although I am fully aware of the seriousness of some of the problems confronting the Chicago area and the State of Illinois, the record on H. R. 3210 affords no basis for me to change my position in this matter. Accordingly, under the circumstances, I am convinced that the bill should not be approved.

I am asking the State Department to engage in discussions with the Canadian Government in an attempt to work out a solution to these problems as soon as all pertinent facts are available.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,
August 9, 1956.

TEXT OF CANADIAN NOTE

Following is the text of the note of February 13, 1956, from Canadian Ambassador A. D. P. Heeney to Secretary Dulles, to which President Eisenhower referred in his memorandum of disapproval.

WASHINGTON 6, D. C.,
February 13, 1956.

No. 113

SIR,

On instruction from my Government, I should like to refer to Bill H. R. 3210 now before the United States Senate, concerning a proposal to divert water from Lake Michigan into the Illinois Waterway for experimental purposes in aid of navigation, for a period of three years, at an annual average rate of 2,500 cubic feet per second in addition to domestic pumpage, an increase of 1,000 cubic feet per second over what is permitted at the present time. Similar bills have been introduced in Congress in the past few years requesting authorization for such an additional diversion to promote navigation and for other purposes.

The President of the United States on September 3, 1954, withheld approval from a similar bill submitted for his signature. In his memorandum of disapproval, the President pointed to the fact that the International Joint Commission, following upon a reference by the two Governments was engaged in a study of the levels of Lake Ontario which had a bearing on the question of the diversion at Chicago.

The International Joint Commission instructed the In-

ternational Lake Ontario Board of Engineers to study the effect on Lake Ontario levels of the proposed increased diversion at Chicago of 1,000 cubic feet per second for three years. The Board of Engineers submitted its report to the Commission on June 14, 1955. The report estimated that the increased diversion would lead to a lowering of levels of between one quarter of an inch and five-eighths of an inch at various points in the lower Great Lakes and St. Lawrence River down to the harbour of Montreal. The aggregate total loss of power to actual and planned power developments in Canada which would result from the three year additional diversion was estimated at 310,100,000 k.w. hours over the fifteen years during which the effects of the additional diversion would be felt.

If the proposed temporary diversion were adopted, the result would be a total diversion for all purposes at Chicago of approximately 4,200 cubic feet per second. It is estimated that the effect upon the levels of the lower Great Lakes and the St. Lawrence River of a total diversion of this size would be a lowering of levels at various points ranging from about two inches to almost three inches. Such a lowering of levels is of significance to navigation, particularly in years when, following the cycle of water supplies in the Great Lakes, very low stages are experienced. Moreover, the estimate of the loss in potential power given in the report of the Board of Engineers represents the effect of the proposed additional diversion only, and does not take into account the cumulative effect of past diversions. Because of the storage characteristics of the Great Lakes, the temporary diversion proposed will not give a real indication of the effects on the Great Lakes-St. Lawrence basin of a permanent diversion of 1,000 cubic feet per second. These would be much more considerable than the computed effects of a temporary diversion.

I am accordingly instructed to make clear that, in the view of the Canadian Government, the enactment of the proposed legislation would be prejudicial to the navigation and power interests of both countries.

Accept, Sir, the renewed assurances of my highest consideration.

A. D. P. HEENEY

The Honourable JOHN FOSTER DULLES,
Secretary of State of the United States,
Washington, D.C.

Export of Polio Vaccine

Secretary of Commerce Sinclair Weeks on August 10 announced the establishment of a strictly limited export quota of one million cc's for Salk poliomyelitis vaccine for the balance of the third quarter 1956. This represents approximately 2.5 percent of production for May, June, and July.

Secretary Weeks said:

American children are given full opportunity to be vaccinated. Now that supply is approaching domestic

requirements, an allocation of vaccine is being made for commercial export to friendly foreign countries urgently in need of the vaccine. During the period when the supply was short, only small amounts of the vaccine were licensed for export for special purposes, primarily in the research field.

The improved supply outlook in the United States also is evidenced by the recent decision of the Secretary of the Department of Health, Education and Welfare to terminate Federal allocations of the vaccine on a State-by-State basis.

It is anticipated that the export quota will be greatly oversubscribed in view of the keen interest expressed in many foreign countries for vaccine from the United States. Therefore, in order to help insure an equitable distribution of the quota, criteria have been established by the Department giving priority to countries having a known high incidence of poliomyelitis, or suffering from severe current epidemics.

Additionally, consideration will be given to the adequacy of programs for effective utilization of the vaccine. In general, licenses will be issued only for applications endorsed by the Ministry of Public Health of the countries concerned.

According to Secretary Weeks:

The new export quota is one of several steps which the Government has taken to carry out President Eisenhower's program to assist other countries in utilizing the benefits of Dr. Jonas Salk's discovery for the benefit of all peoples.

These include making the vaccine formula available to the world; assisting scientists in other nations in developing production techniques; teaching visiting scientists laboratory and production techniques and shipping moderate quantities for experimental and research purposes. The new program will permit limited immunization programs in those countries where the need is greatest and the most good can be done.

Congressional Documents Relating to Foreign Policy

84th Congress, 2d Session

Fourth Annual Reports of the Panama Canal Zone Company and the Canal Zone Government for the Fiscal Year Ended June 30, 1955. H. Doc. 351, February 9, 1956. 130 pp.

Defense Essentiality and Foreign Economic Policy (Case Study: The Watch Industry and Precision Skills). Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee pursuant to sec. 5 (a) of Public Law 304, 79th Congress. June 4-7, 1956. 476 pp.

Control and Reduction of Armaments. Hearing before a subcommittee of the Senate Committee on Foreign Relations pursuant to S. Res. 93 and S. Res. 185, 84th Congress. Part 8, June 8, 1956. 174 pp.

Methods of Determining Value of Imported Goods for Duty Purposes. Hearings before the Senate Committee on Finance on sec. 2 of H. R. 6040, Customs Simplification Act. June 25-27, 1956. 286 pp.

Nomination of Andrew N. Overby. Hearing before a subcommittee of the Senate Committee on Banking and Currency on the nomination of Andrew N. Overby to be United States Executive Director of the International Bank for Reconstruction and Development. June 27, 1956. 21 pp.

Authorizing the Appropriation of \$5 Million To Be Spent for the Purpose of Promoting the Pan-American Games To Be Held in Cleveland, Ohio. Report to accompany S. J. Res. 186. S. Rept. 2614, July 17, 1956. 3 pp.

Participation by the United States in the Interparliamentary Union. Report to accompany S. 3858. S. Rept. 2615, July 17, 1956. 3 pp.

Thirty-Seventh Report to Congress on Lend-Lease Operations for the Year Ending December 31, 1955. H. Doc. 413, July 18, 1956. 29 pp.

East-West Trade. Report of the Senate Committee on Government Operations made by its Permanent Subcommittee on Investigations, together with minority views. S. Rept. 2621, July 18, 1956. 54 pp.

Implementation of International Wheat Agreement, 1956. Report to accompany S. 4221. S. Rept. 2623, July 18, 1956. 5 pp.

Permitting Certain Vessels Sold to Brazil To Carry Bulk Cargo on Delivery Voyage. Report to accompany S. 4215. S. Rept. 2625, July 18, 1956. 3 pp.

Defense Essentiality and Foreign Economic Policy—Case Study: Watch Industry and Precision Skills. Report of the Joint Economic Committee. S. Rept. 2629, July 18, 1956. 35 pp.

Authorizing the Attorney General To Dispose of the Remaining Assets Seized Under the Trading With the Enemy Act Prior to December 18, 1941. Report to accompany S. 2226. H. Rept. 2777, July 18, 1956. 13 pp.

Authorizing the Loan of Naval Vessels to Foreign Governments. Report to accompany H. R. 11613. S. Rept. 2667, July 19, 1956. 4 pp.

Amending Section 7 of the War Claims Act of 1948, as Amended. Report to accompany H. R. 6586. H. Rept. 2825, July 19, 1956. 9 pp.

Expressing the Sense of the Congress Against Admission of the Communist Regime in China as the Representative of China in the United Nations. Report to accompany H. Con. Res. 265. S. Rept. 2697, July 20, 1956. 2 pp.

Amending the Act of January 2, 1942, Entitled "An Act To Provide for the Prompt Settlement of Claims for Damages Occasioned by Army, Navy, and Marine Corps Forces in Foreign Countries." Report to accompany H. R. 3561. S. Rept. 2718, July 20, 1956. 8 pp.

Registration of Certain Persons Trained in Foreign Espionage Systems. Report to accompany H. R. 3882. S. Rept. 2719, July 20, 1956. 4 pp.

Authorizing Additional Visas for Orphans. Report to accompany S. 3570. S. Rept. 2684, July 20, 1956. 4 pp.

Providing for a Study of the Possibility and Desirability of Establishing a University of the Americas. Report to accompany S. J. Res. 174. S. Rept. 2671, July 20, 1956. 7 pp.

Customs Simplification Act of 1956. Conference report to accompany H. R. 6040. H. Rept. 2866, July 21, 1956. 3 pp.

Second Supplemental Appropriation Bill, 1957. Report to accompany H. R. 12350. S. Rept. 2770, July 24, 1956. 35 pp.

Amendments to Public Law 480, 83d Congress. Conference report to accompany S. 3903. H. Rept. 2903, July 24, 1956. 3 pp.

Mutual Security Appropriation Bill, 1957. Conference report to accompany H. R. 12130. H. Rept. 2931, July 25, 1956. 6 pp.

U.S. Offers To Sponsor Seminar on Citizenship Education

STATEMENT BY JOHN C. BAKER
U.S. REPRESENTATIVE ON ECOSOC¹

Recently the Secretary-General asked each member government whether it would consider sponsoring a regional seminar under the United Nations Advisory Services Program in the field of human rights and whether it would consider serving as host country.

It gives me great pleasure to advise the Council that the United States Government will be happy to cooperate with the United Nations in jointly organizing such a seminar under General Assembly Resolution 926 (X).² We also would be very happy to serve as host country.

Our formal reply to the February 9 and June 6 notes of the Secretary-General was forwarded to him here in Geneva in order that the possibility of such a seminar might, if necessary, be reviewed by this session of the Economic and Social Council. Therefore, Mr. President, with your permission, I should like to inform the Council of our offer.

We propose a joint United Nations-United States seminar on the subject of "Citizenship Education for Women." Our expectation would be that this seminar might be held in the United States in the fall of 1957 and be attended by participants from Asian countries which are members of the United Nations and the specialized agencies, as well as from my own country. In accordance with the second topic suggested by the Secretary-General in his June 6 note to member governments, the seminar would stress civic responsibility and increased participation of women in public life, on the community as well as the national level. It also could consider the free exer-

cise of political rights and their significance for women.

Basic citizenship education is essential for every voter irrespective of political or other affiliation. There is constant need in all countries to improve ways of stimulating general community participation in citizenship activities. Thus, we anticipate mutual benefit through exchange of information between countries where women have recently been granted the right to vote and countries like my own where women have exercised suffrage rights for some years.

One of the objectives of the seminar would be to help the participants plan for conducting similar projects in their own countries. The participants can share in demonstrations of methods for making citizenship education programs effective.

We will be pleased to cooperate with the United Nations in jointly organizing such a seminar. At the same time, my Government wishes to make it quite clear that it does not want to stand in the way of an offer from any Asian member of the United Nations or of the specialized agencies to act as host for such a seminar in 1957. If such an offer is received by the Secretary-General, the Government of the United States is entirely prepared to postpone its offer for consideration at a later date. Moreover, my Government would be pleased to cooperate in such a seminar in an Asian country if the Secretary-General considers it desirable.

If the seminar is held in the United States, my Government will seek the active cooperation of nongovernmental organizations in arrangements, including appropriate activities before and after the seminar. Opportunities will be arranged, if possible, for members of the seminar to observe and participate in activities relating to citizenship education and the exercise of political activities in the United States at the community as well as at the national level.

¹ Made in the U.N. Economic and Social Council on Aug. 1.

² For text, see BULLETIN of Dec. 19, 1955, p. 1039.

We hope that such a seminar can be conducted on the workshop principle, which means that members will personally participate in discussions of the problems in citizenship education. In addition, they will work with material and data which can be used in similar projects in their own countries.

Participants in this type of seminar should, if possible, be selected on the basis of their capacity and availability for leadership in this field in their own countries. Moreover, they should be well informed of activities in citizenship education in their own country. The program should certainly be related to the experience and needs of each participant. By reviewing study materials already in use in the various countries, plans could be made for adaptation and wider distribution of items which seemed generally applicable and for development of additional material to fill particular needs. Members might visit citizenship education projects near the seminar site where local organizations could demonstrate training methods of interest to the participants. Those attending this type of "workshop seminar" would thus be equipped with practical aids for further work on their return home.

Inasmuch as the United Nations Educational, Scientific and Cultural Organization has conducted meetings and published several books in the field of citizenship education, we hope arrangements can be made for UNESCO to assist in plans for the seminar.

In view of the considerable expense which will be involved if the seminar is held in the United States, my Government will seek to supplement through private as well as public sources such financial assistance as would ordinarily be provided by the United Nations under the Human Rights Advisory Services Program.

If it is decided to hold this seminar in the United States, my Government looks forward to consultations with the Secretary-General on the arrangements. It is our understanding that the seminar would be conducted in accordance with customary United Nations procedures. In conformity with decisions taken by the General Assembly and the Economic and Social Council, plans developed jointly for the seminar would be subject to approval by the Secretary-General. Such plans would include the content of the program, the selection of participants, preparation and distribution of documentation, and related

matters. Our expectation is that the seminar would be conducted in English.

Mr. President, my Government consistently has given strong support to the United Nations Program of Advisory Services in the Field of Human Rights. We are keenly interested in citizenship education and believe it to be of far-reaching importance in the exercise of political rights by women. Along with all the other governments on the Commission on the Status of Women, we supported the Commission's resolution requesting the Secretary-General to explore the possibility of holding regional seminars to assist women in developing their understanding of civic responsibilities and increasing their participation in the public life of their countries.

For all these reasons, Mr. President, my Government is happy, indeed, to invite the United Nations to organize jointly a seminar on the subject of "Citizenship Education for Women" under the United Nations Program of Advisory Services in the Field of Human Rights.

**LETTER TO U.N. SECRETARY-GENERAL FROM
U.S. DELEGATION TO ECOSOC**

AMERICAN CONSULATE GENERAL,
Geneva, July 27, 1956

DEAR MR. HAMMARSKJOLD: It gives me great pleasure to transmit to you, on behalf of the Secretary of State, the enclosed offer of the Government of the United States of America to cooperate with the United Nations in the organization of a seminar on the subject of "Citizenship Education for Women". This offer is made in reply to your notes of February 9 and June 6, 1956 to the Secretary of State concerning General Assembly Resolution 926 (X) and related resolutions of the Economic and Social Council and its subsidiary bodies.

Sincerely yours,

JOHN C. BAKER
*United States Representative
on the Economic and Social Council*

[Enclosure]

JULY 27, 1956

In response to notes from the Secretary General of the United Nations dated February 9 and June 6, 1956, inquiring whether this Government would consider sponsoring and acting as host country for a seminar on one of three subjects suggested under the program of advisory services in the field of human rights authorized by the

August 27, 1956

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United Nations General Assembly in December 1955, the Government of the United States informs the Secretary General that it would be pleased to consider sponsoring and acting as host country for a seminar on the subject of citizenship education for women. Our expectation would be that this seminar might be held in the fall of 1957, and be attended by appropriate representatives from the United States and from Asian countries which are Members of the United Nations and of the specialized agencies. In accordance with the second topic suggested by the Secretary General in his note of June 6, the seminar would stress civic responsibility and increased participation of women in public life, on the community as well as the national level. Such a seminar could consider also the free exercise of political rights and their significance for women.

In considering this seminar the United States anticipates mutual benefit through exchange of information between countries where women have recently been granted the right to vote and countries where women have exercised suffrage rights for some years. Since basic citizenship education is essential to fulfil the responsibilities of the franchise, and is equally important for every voter without regard to political or other affiliation, there is constant need in all countries to improve ways of imparting information and stimulating general community participation in citizenship activities. Among the objectives of the seminar would be preparation for conducting similar projects on a national or local scale in each of the countries represented. For this purpose it is hoped that participants could share in demonstrations of methods adapted to differing situations and areas, and in evaluating and preparing visual and other materials for use in citizenship education programs.

Although the United States would be pleased to consider the sponsorship of this seminar, the United States does not wish to stand in the way of an offer from any Asian Member of the United Nations or of the Specialized Agencies to act as host for such a seminar in Asia in 1957. If such an offer is received, the Government of the United States is prepared to postpone its offer for consideration at a later date. Moreover, the United States would be pleased to cooperate in such a seminar in an Asian country if the Secretary General considered this desirable.

If the seminar is held in the United States, the Government of the United States will seek the active cooperation of non-governmental organizations in arrangements relating to the seminar, including appropriate activities before and after the seminar. If possible opportunities will be arranged for members of the seminar to observe and participate in activities relating to citizenship education and the exercise of political rights in the United States at the community as well as the national level.

In view of the considerable expense which will be involved if the seminar is held in the United States, the Government of the United States will seek to supplement through private as well as public sources such financial assistance as would ordinarily be provided by the United Nations under the human rights advisory services program.

Since the United Nations Educational, Scientific and Cultural Organization has conducted meetings and pub-

lished several books in the field of citizenship education, it is hoped that arrangements can be made for that Organization to assist in plans for the seminar.

The United States Government looks forward to consultation with the Secretary General on arrangements if it is decided to hold a seminar in the United States. It is our understanding that the seminar would be conducted in accordance with customary United Nations procedures, and that, in conformity with decisions taken by the General Assembly and the Economic and Social Council, plans developed jointly for the seminar would be subject to approval by the Secretary General, including the content of the program, the selection of participants, preparation and distribution of documentation, and related matters. Our expectation is also that the seminar would be conducted in English.

The Secretary General is informed in Geneva at this time in order that the possibility of a seminar on the citizenship education of women may be reviewed by the 22nd Session of the Economic and Social Council. The considerations which have led to this communication, and some account of the hopes which have been expressed as to the nature and arrangements for the seminar, are included in an Annex to this communication, herewith attached.

ANNEX

Commentary on the offer of the United States to consider the sponsorship of an Asian-American Seminar in the United States on Citizenship Education for Women under the United Nations program of advisory services in the field of human rights.

Action in the United Nations.

1. *The General Assembly*, on December 14, 1955, adopted a resolution establishing a program of assistance to be known as "Advisory services in the field of human rights". This resolution consolidated into a single and broader program certain types of assistance previously approved including technical assistance in promoting and safeguarding the rights of women. This resolution (GA 926 (X)) authorized the Secretary General

"(a) Subject to the directions of the Economic and Social Council, to make provision at the request of Governments, and with the co-operation of the specialized agencies where appropriate and without duplication of their existing activities, for the following forms of assistance with respect to the field of human rights:

- (i) Advisory services of experts;
- (ii) Fellowships and scholarships;
- (iii) Seminars."

In this resolution the General Assembly also expressed the hope that "international and national non-governmental organizations, universities, philanthropic foundations and other private groups will supplement this United Nations programme with similar programmes designed to further research and studies, the exchange of information and assistance in the field of human rights".

2. *The Commission on the Status of Women*, in its tenth session in March, 1956, unanimously adopted a resolution regarding the implementation of the program of advisory services in the field of human rights, as authorized by the General Assembly. In this resolution, the

Commission considered "that the organization of seminars would be a particularly fruitful method for the promotion of the rights of women and the improvement of their status through exchange of information and experience in this field" and requested the Secretary General

"to explore, during the current year, in consultation with governments and specialized agencies, and in accordance with General Assembly resolution 926 (X), the possibility of holding regional seminars to assist women who have recently acquired political rights or do not yet fully exercise them, in developing their understanding of civic responsibilities and increasing their participation in the public life of their countries."

3. *The Economic and Social Council*, in its 21st session in April, 1956, adopted a resolution providing guidance for the program of advisory services in the field of human rights (Res 605 (XXI)). The Council requested the Secretary General

"to continue to develop all aspects of the programme of advisory services in the field of human rights and, if feasible, to undertake during 1956 a seminar or seminars, preferably on a regional basis, along the lines suggested in the resolutions of the Commission on Human Rights and the Commission on the Status of Women."

4. *The Secretary General*, in accordance with the action of the Council, addressed a communication to the United States Government, dated June 6, 1956, in which he suggested certain topics which might be considered for seminars in 1957, one of which was "civic responsibility and increased participation of women in public life in countries where they have recently acquired political rights".

The Secretary General suggested further that the participants in seminars be "persons who are responsible for making policy, planning programmes or directing operations, as well as specialists, outstanding authorities and leaders in the fields selected as topics for seminars." His note concludes:

"The Secretary General would appreciate receiving the suggestions of His Excellency's Government in this connexion, including suggestions as to the topics mentioned above and others which might be of interest to His Excellency's Government. He would also be interested to know whether His Excellency's Government would consider sponsoring a seminar and acting as host country."

Response by the United States and suggestions on the nature of the seminar.

In response to this request from the Secretary General, informal consultations were undertaken with interested agencies and organizations, including the Women's Bureau in the United States Department of Labor and leaders of non-governmental organizations who had worked with women from other countries on citizenship education programs. Immediate cooperation was promised in developing plans and arrangements which might be useful in connection with a United Nations seminar on citizenship education for women, if undertaken by the United Nations in response to an invitation from the United States Government. The following suggestions are offered as a result of these consultations, to indicate the direction of the United States interest and the nature of the resources which might be made available.

1. The suggestion that the seminar be attended by representatives of Asian Members of the United Nations and of specialized agencies is based on favorable reports of exchange visits between women in the United States and various countries in Asia. While a seminar of this type in the United States would enjoy certain advantages, it is recognized that such a seminar in an Asian country would also enjoy great advantages, and if an offer is received from an Asian Member of the United Nations or of the specialized agencies, the United States stands ready to cooperate as desirable.

2. It is hoped that consideration of this and other seminars for which invitations may be offered can lead to the formulation of desirable standards for the conduct of such projects. Overall direction by the United Nations appears essential to assure proper choice of subject matter and use of program resources, particularly with regard to the findings of previous United Nations and specialized agency seminars and studies on related topics. It will be important that the responsibility of the chairman and other officers be clearly specified, together with parliamentary procedures to be applied. If recommendations are desired, guidance will be helpful on the form in which they should be made. These matters might be determined by the Secretary General or be decided subject to his approval.

3. If a seminar on citizenship education is undertaken in the United States, it is hoped that this can be conducted on the "workshop" principle, to provide participants with practical information they can use in projects in their own countries. The program of a "workshop seminar" consists primarily of activities in which the members participate, in contrast to a series of papers prepared in advance. For example, the program could be set up as a "citizenship school" for adults, with appropriate topics to be discussed by each member of the seminar in terms of experience and needs in his or her country, and in relation to literacy and other problems which may be of interest to others. This could be followed by review of study materials already in use in the various countries; plans could be made for adaptation and wider distribution of items which seemed generally applicable and for development of additional material to fill practical needs. Members might visit citizenship education projects near the seminar, and local organizations could be asked to demonstrate training methods the seminar wished to observe.

Participants in a seminar of this type would return to their countries equipped with practical aids for further work, and should if possible be selected on the basis of their capacity and availability for such leadership. They should be encouraged to inform themselves in advance of activities in their own country, and arrangements might be

Correction

BULLETIN of July 16, 1956, p. 122, first column, seventh line from bottom: The word *biannual* should read *biennial*.

made for Members coming from a distance to observe activities in other areas on the way to the seminar.

4. The United States assumes that a working party will be set up by the Secretary General to develop plans for the seminar, and that the United States Government would be officially represented in this group. It would be our hope that Asian Governments expecting to participate in the project would be similarly represented. Women's non-governmental organizations in consultative status with the Economic and Social Council will undoubtedly have valuable suggestions and be interested in assisting in the seminar.

The Honorable

DAG HAMMARSKJOLD,
Secretary General,
Palais des Nations,
Geneva.

TREATY INFORMATION

Supplementary Tax Convention With Canada

Press release 439 dated August 16

Following is the text of a supplementary tax convention between the United States and Canada, signed at Ottawa on August 8, 1956.

Convention Between the United States of America and Canada

Further Modifying and Supplementing the Convention and Accompanying Protocol of March 4, 1942, for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion in the Case of Income Taxes, as Modified by the Supplementary Convention of June 12, 1950

The Government of the United States of America and the Government of Canada, being desirous of further modifying and supplementing in certain respects the Convention and accompanying Protocol for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes, signed at Washington on March 4, 1942,¹ as modified by the Supplementary Convention of June 12, 1950,² have decided to conclude a Supplementary Convention for that purpose and

¹ Treaty Series 983.

² Treaties and Other International Acts Series 2347.

have appointed as their respective Plenipotentiaries:

The Government of the United States of America:

Livingston T. Merchant, Ambassador Extraordinary and Plenipotentiary of the United States of America to Canada,

The Government of Canada:

Walter E. Harris, Minister of Finance to the Government of Canada,

who, having communicated to one another their respective full powers, found in good and due form, have agreed as follows:

ARTICLE I

The provisions of the Convention and Protocol between the United States of America and Canada, signed at Washington on March 4, 1942, as modified by the Supplementary Convention of June 12, 1950, are hereby further modified and supplemented as follows:

- (a) By inserting as the third paragraph of Article V, the following new paragraph:

An enterprise of one of the contracting States engaged in the operation of motor vehicles, as a common carrier or as a contract carrier, shall be exempt from tax by the other contracting State in respect of income (if taxed by the former State in respect of such income) arising from the transportation of property for hire between points in one State and points in the other State.

- (b) By amending Article VII to read as follows:

1. A resident of Canada shall be exempt from United States tax upon compensation for personal (including professional) services performed during the taxable year within the United States of America if he is present therein for a period or periods not exceeding a total of 183 days during the taxable year and either of the following conditions is met—

- (a) his compensation is received for such personal services performed as an officer or employee of a resident, or corporation or other entity of Canada or of a permanent establishment in Canada of a United States enterprise, or
(b) his compensation received for such personal services does not exceed \$5,000.

2. The provisions of paragraph 1 of this article shall apply, *mutatis mutandis*, to a resident of the United States with respect to compensation for such personal services performed in Canada.

- (c) By amending Article XI as follows:

(A) By inserting in paragraph 1 immedi-

ately after "in respect of income" the words and symbols "(other than earned income)".

(B) By adding the following new paragraph:

5. To ensure that the benefit of the reduced rate of income tax provided for by this Article is limited to persons entitled thereto each contracting State may make regulations requiring the withholding in such State of an additional amount from income derived from sources in the other contracting State.

(d) By striking out paragraph 2 of Article XI, and paragraph 6 of the Protocol as added by the Convention of June 12, 1950, redesignating paragraphs 7, 8, 9, 10, 11 and 12 thereof as paragraphs 6, 7, 8, 9, 10, and 11 respectively, and inserting in lieu of paragraph 2 of Article XI the following:

2. Notwithstanding the provisions of paragraph 1 of this Article, income tax in excess of 5 percent shall not be imposed by one of the contracting States in respect of dividends paid by a corporation organized under the laws of such State, or of a political subdivision thereof, to a corporation organized under the laws of the other contracting State, or of a political subdivision thereof; if,

- (a) during the whole of the taxable year of the payer corporation at least 51 percent of the voting stock of such corporation was beneficially owned by the recipient corporation either alone or in association with not more than three other corporations of such other State, but each such recipient corporation must own at least 10 percent of the voting stock of the payer corporation; and
- (b) not more than one-fourth of the gross income of the payer corporation (other than a corporation the chief business of which is the making of loans) is derived from interest and dividends other than interest and dividends received from its subsidiary corporations.

This paragraph shall not apply if the competent authority in the State imposing the tax is satisfied that the corporate relationship between the corporations has been arranged or is maintained primarily with the intention of taking advantage of this paragraph.

(e) By adding immediately after Article XIII C the following new Article:

ARTICLE XIII D

1. In the computation of taxable income for any taxable year under the revenue laws of the United States, there shall be allowed as a deduction contributions to any organization created or organized under the laws of Canada (and constituting a chari-

table organization for the purpose of the income tax laws of Canada) if and to the extent such contributions would have been deductible as a charitable contribution had such organization been created or organized under the laws of the United States: Provided, however, that such deduction shall not exceed an amount determined by applying to the taxpayer's taxable income (in the case of a corporation) or adjusted gross income (in the case of an individual) from sources in Canada the same percentage as is applied by Canada to income in determining the limitation of the deduction for gifts or contributions to charitable organizations of Canada.

2. In the computation of taxable income for any taxation year under the income tax laws of Canada, there shall be allowed as a deduction gifts to any organization created or organized under the laws of the United States (and constituting a charitable contribution for the purposes of the income tax laws of the United States) if and to the extent such gifts would have been allowable had such organization been a Canadian charitable organization: Provided, however, that such deduction shall not exceed an amount determined by applying to the taxpayer's income from sources in the United States upon which he is subject to tax in Canada the same percentage as is applied by Canada to income in determining the limitation of the deduction for such gifts.

(f) By adding immediately after Article XIII D, as added by this Supplemental Convention, the following new Article:

ARTICLE XIII E

A resident of one of the contracting States who is a beneficiary of an estate or trust of the other contracting State shall be exempt from tax by such other State with respect to that portion of any amount paid, credited, or required to be distributed by such estate or trust to such beneficiary out of income from sources without such other State.

(g) By amending Article XX 2 as follows:

- (A) By striking out clauses (b) and (c) thereof;
- (B) By striking out the designation (d) in clause (d) and inserting in lieu thereof "(b)"; and
- (C) By striking out in clause (b) as so redesignated, "Income War Tax Act" and inserting in lieu thereof "Income Tax Act".

ARTICLE II

1. The present Supplementary Convention shall be ratified and the instruments of ratification shall be exchanged at Washington as soon as possible.

2. The present Supplementary Convention shall become effective with respect to taxable years beginning on and after the first day of January of

the calendar year in which occurs the exchange of the instruments of ratification. It shall continue effective indefinitely as though it were an integral part of the Convention of March 4, 1942, as modified and supplemented by the Convention of June 12, 1950.

IN WITNESS WHEREOF the above-named Plenipotentiaries have signed the present Convention and have affixed thereto their respective seals.

DONE, in duplicate, at Ottawa this 8th day of August 1956.

FOR THE GOVERNMENT OF THE UNITED STATES
OF AMERICA:

LIVINGSTON T. MERCHANT

FOR THE GOVERNMENT OF CANADA:

W. E. HARRIS

(SEAL)

(SEAL)

Current Actions

MULTILATERAL

Finance

Articles of agreement of the International Finance Corporation. Done at Washington May 25, 1955. Entered into force July 20, 1956.

Acceptance deposited: Paraguay, July 27, 1956.

Postal Services

Universal postal convention, with final protocol, annex, regulations of execution, and provisions regarding airmail and final protocol thereto. Signed at Brussels July 11, 1952. Entered into force July 1, 1953. TIAS 2800.

Adherence: Sudan, July 27, 1956.

Safety at Sea

Convention on safety of life at sea. Signed at London June 10, 1948. Entered into force November 19, 1952. TIAS 2495.

Acceptance deposited: Argentina, July 31, 1956.

Telecommunications

International telecommunication convention. Signed at Buenos Aires December 22, 1952. Entered into force January 1, 1954. TIAS 3266.

Ratifications deposited: Peru, July 4, 1956; Uruguay (with reservation), July 10, 1956; Bulgaria (with reservation), July 14, 1956.

Final protocol to the international telecommunication convention. Signed at Buenos Aires December 22, 1952. Entered into force January 1, 1954. TIAS 3266.

Ratification deposited: Uruguay, July 10, 1956.

Additional protocols to the international telecommunication convention. Signed at Buenos Aires December 22, 1952. Entered into force December 22, 1952.

Ratification deposited: Uruguay, July 10, 1956.

BILATERAL

Guatemala

Research reactor agreement for cooperation concerning civil uses of atomic energy. Signed at Washington August 15, 1956. Enters into force on day on which each Government receives from the other written notification that it has complied with statutory and constitutional requirements.

Nicaragua

Agreement amending agreement for survey and construction of Rama Road of September 2, 1953 (TIAS 2853). Effected by exchange of notes at Managua March 13 and August 2, 1956. Entered into force August 2, 1956.

Pakistan

Agricultural commodities agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended. Signed at Karachi August 7, 1956. Entered into force August 7, 1956.

DEPARTMENT AND FOREIGN SERVICE

Recess Appointments

The President on August 14 appointed Raymond A. Hare to be Ambassador to Egypt (press release 438 dated August 15).

Resignations

John Sherman Cooper as Ambassador to India and Nepal. For text of Mr. Cooper's letter to the President and the President's reply, see White House press release dated August 18.

Designations

William S. B. Lacy as Special Assistant to the Secretary with responsibility for coordinating all matters relating to East-West exchanges, effective August 14 (press release 437 dated August 15).

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Check List of Department of State Press Releases: August 13-19

Releases may be obtained from the News Division, Department of State, Washington 25, D. C.

Press release issued prior to August 13 which appears in this issue of the BULLETIN is No. 430 of August 8.

No.	Date	Subject
431	8/13	Note to other American Republics on OAS committee.
*432	8/13	Dulles: death of Arthur Bliss Lane.
433	8/13	Delegation to Suez Canal conference.
434	8/14	Dulles: departure statement.
435	8/14	U.S.-China agricultural commodities agreement.
†436	8/15	Atomic agreement with Guatemala.
437	8/15	Lacy appointment (rewrite).
438	8/15	Hare named Ambassador to Egypt (rewrite).
439	8/16	Tax convention with Canada.
*440	8/16	Educational exchange.
*441	8/16	Angus Ward retirement.
*442	8/17	Allen excerpts from address on Africa.

*Not printed.

†Held for a later issue of the BULLETIN.



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SWORDS into PLOWSHARES

A New Venture in International Understanding

The issuance of this publication marked the tenth anniversary of the international educational exchange program under the Fulbright Act.

The booklet reviews the accomplishments of the program "in terms of lessening the likelihood of another war by promoting a greater people-to-people understanding." It describes the various ways in which the 25,000 American and foreign participants have obtained a better understanding of the people of the country visited, how they are sharing this understanding with their fellow countrymen through lectures, articles, books, and discussions, and how they are advancing the frontiers of knowledge in many fields. It also points out that the cost of these exchanges to the American taxpayer was less than 5 hours of fighting World War II. As noted in the booklet the assistance of contract agencies, American educators and specialists in many fields, and special advisers at colleges and universities has been impressive.

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